

FILED FEB 01 2006

WAYS & MEANS

SENATE FILE

2134

BY MILLER

Passed Senate, Date _____

Passed House, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to taxation by making changes to assessment of
 2 property for purposes of property taxation, county and city
 3 budgets funded primarily by property taxes and service
 4 charges, school district budgets funded primarily by state and
 5 local taxes, state mandates funding, local assessors, and
 6 property tax exemptions and credits, creating an
 7 implementation committee, and including effective and
 8 applicability date provisions.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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WAYS & MEANS

SF 2134

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DIVISION I

LOCAL BUDGETS AND PROPERTY TAXES

Section 1. Section 23A.2, subsection 10, paragraph h, Code 2005, is amended to read as follows:

h. The performance of an activity listed in section 331.424, Code 2005, as a service for which a ~~supplemental-levy~~ county may be-certified include in its budget.

Sec. 2. Section 24.48, unnumbered paragraphs 4, 5, and 7, Code 2005, are amended by striking the unnumbered paragraphs.

Sec. 3. Section 24.48, unnumbered paragraph 6, Code 2005, is amended to read as follows:

For purposes of this section only, "political subdivision" means a ~~city~~, school district, or any other special purpose district which certifies its budget to the county auditor and derives funds from a property tax levied against taxable property situated within the political subdivision.

Sec. 4. Section 25B.2, subsection 3, Code 2005, is amended by striking the subsection.

Sec. 5. NEW SECTION. 25B.3A UNFUNDED STATE MANDATES -- EFFECT.

If, on or after July 1, 2007, a state mandate is enacted by the general assembly, or otherwise imposed, on a political subdivision and the state mandate requires a political subdivision to engage in any new activity, to provide a new service, or to provide any service beyond that required by any law enacted prior to July 1, 2007, and the state does not appropriate moneys to fully fund the cost of the state mandate as those costs are identified pursuant to section 25B.5, the political subdivision is not required to perform the activity or provide the new or increased service and the political subdivision shall not be subject to any liabilities imposed by the state or the imposition of any fines or penalties for the failure to comply with the state mandate.

Sec. 6. Section 28M.5, subsections 1 and 2, Code Supplement 2005, are amended to read as follows:

1 1. The commission, with the approval of the board of
2 supervisors of participating counties and the city council of
3 participating cities in the chapter 28E agreement, may levy
4 annually a tax not to exceed ninety-five cents per thousand
5 dollars of the assessed value of all taxable property in a
6 regional transit district to the extent provided in this
7 section. The chapter 28E agreement may authorize the
8 commission to levy the tax at different rates within the
9 participating cities and counties in amounts sufficient to
10 meet the revenue responsibilities of such cities and counties
11 as allocated in the budget adopted by the commission.
12 ~~However, for a city participating in a regional transit~~
13 ~~district, the total of all the tax levies imposed in the city~~
14 ~~pursuant to section 384.12, subsection 10, and this section~~
15 ~~shall not exceed the aggregate of ninety-five cents per~~
16 ~~thousand dollars of the assessed value of all taxable property~~
17 ~~in the participating city.~~

18 2. If a regional transit district budget allocates revenue
19 responsibilities to the board of supervisors of a
20 participating county, the amount of the regional transit
21 district levy that is the responsibility of the participating
22 county shall be deducted from the maximum rates of taxes
23 authorized to be levied by the county ~~pursuant to section~~
24 ~~331.423, subsections 1 and 2, as applicable~~ for general and
25 rural county services, unless the county meets its revenue
26 responsibilities as allocated in the budget from other
27 available revenue sources. However, for a regional transit
28 district that includes a county with a population of less than
29 three hundred thousand, the amount of the regional transit
30 district levy that is the responsibility of such participating
31 county shall be deducted from the maximum rate of taxes
32 authorized to be levied by the county ~~pursuant to section~~
33 ~~331.423, subsection 1~~ for general county services.

34 Sec. 7. Section 37.8, Code 2005, is amended to read as
35 follows:

1 37.8 LEVY FOR MAINTENANCE.

2 For the development, operation, and maintenance of a
3 building or monument constructed, purchased, or donated under
4 this chapter, a city may levy a tax ~~not-to-exceed-eighty-one~~
5 ~~cents-per-thousand-dollars-of-assessed-value~~ on all the
6 taxable property within the city, ~~as-provided-in-section~~
7 ~~384.127-subsection-2~~ subject to the limitation in section
8 384.1.

9 Sec. 8. Section 123.38, unnumbered paragraph 2, Code 2005,
10 is amended to read as follows:

11 Any licensee or permittee, or the licensee's or permittee's
12 executor or administrator, or any person duly appointed by the
13 court to take charge of and administer the property or assets
14 of the licensee or permittee for the benefit of the licensee's
15 or permittee's creditors, may voluntarily surrender a license
16 or permit to the division. When a license or permit is
17 surrendered the division shall notify the local authority, and
18 the division or the local authority shall refund to the person
19 surrendering the license or permit, a proportionate amount of
20 the fee received by the division or the local authority for
21 the license or permit as follows: if a license or permit is
22 surrendered during the first three months of the period for
23 which it was issued, the refund shall be three-fourths of the
24 amount of the fee; if surrendered more than three months but
25 not more than six months after issuance, the refund shall be
26 one-half of the amount of the fee; if surrendered more than
27 six months but not more than nine months after issuance, the
28 refund shall be one-fourth of the amount of the fee. No
29 refund shall be made, however, for any special liquor permit,
30 nor for a liquor control license, wine permit, or beer permit
31 surrendered more than nine months after issuance. For
32 purposes of this paragraph, any portion of license or permit
33 fees used for the purposes authorized in section 331.424,
34 subsection 1, paragraphs "a" and "b", Code 2005, and in
35 section 331.424A, shall not be deemed received either by the

1 division or by a local authority. No refund shall be made to
2 any licensee or permittee, upon the surrender of the license
3 or permit, if there is at the time of surrender, a complaint
4 filed with the division or local authority, charging the
5 licensee or permittee with a violation of this chapter. If
6 upon a hearing on a complaint the license or permit is not
7 revoked or suspended, then the licensee or permittee is
8 eligible, upon surrender of the license or permit, to receive
9 a refund as provided in this section; but if the license or
10 permit is revoked or suspended upon hearing the licensee or
11 permittee is not eligible for the refund of any portion of the
12 license or permit fee.

13 Sec. 9. Section 218.99, Code 2005, is amended to read as
14 follows:

15 218.99 COUNTIES TO BE NOTIFIED OF PATIENTS' PERSONAL
16 ACCOUNTS.

17 The administrator in control of a state institution shall
18 direct the business manager of each institution under the
19 administrator's jurisdiction which is mentioned in section
20 331.424, subsection 1, paragraphs "a" and "b", Code 2005, and
21 for which services are paid under section 331.424A, to
22 quarterly inform the county of legal settlement's entity
23 designated to perform the county's central point of
24 coordination process of any patient or resident who has an
25 amount in excess of two hundred dollars on account in the
26 patients' personal deposit fund and the amount on deposit.
27 The administrators shall direct the business manager to
28 further notify the entity designated to perform the county's
29 central point of coordination process at least fifteen days
30 before the release of funds in excess of two hundred dollars
31 or upon the death of the patient or resident. If the patient
32 or resident has no county of legal settlement, notice shall be
33 made to the director of human services and the administrator
34 in control of the institution involved.

35 Sec. 10. Section 257.1, subsection 2, unnumbered paragraph

1 2, Code 2005, is amended to read as follows:

2 For the budget year commencing July 1, ~~1999~~ 2008, and for
3 each succeeding budget year the regular program foundation
4 base per pupil is ~~eighty-seven-and-five-tenths~~ ninety-five
5 percent of the regular program state cost per pupil. For the
6 budget year commencing July 1, 1991, and for each succeeding
7 budget year the special education support services foundation
8 base is seventy-nine percent of the special education support
9 services state cost per pupil. The combined foundation base
10 is the sum of the regular program foundation base and the
11 special education support services foundation base.

12 Sec. 11. Section 257.3, subsection 1, unnumbered paragraph
13 1, Code 2005, is amended to read as follows:

14 Except as provided in subsections 2 and 3, a school
15 district shall cause to be levied each year, for the school
16 general fund, a foundation property tax equal to ~~five~~ four
17 dollars and ~~forty~~ thirty-two cents per thousand dollars of
18 assessed valuation on all taxable property in the district.
19 The county auditor shall spread the foundation levy over all
20 taxable property in the district.

21 Sec. 12. Section 257.3, subsection 2, paragraphs a and b,
22 Code 2005, are amended to read as follows:

23 a. Notwithstanding subsection 1, a reorganized school
24 district shall cause a foundation property tax of ~~four~~ three
25 dollars and ~~forty~~ fifty-two cents per thousand dollars of
26 assessed valuation to be levied on all taxable property which,
27 in the year preceding a reorganization, was within a school
28 district affected by the reorganization as defined in section
29 275.1, or in the year preceding a dissolution was a part of a
30 school district that dissolved if the dissolution proposal has
31 been approved by the director of the department of education
32 pursuant to section 275.55.

33 b. In succeeding school years, the foundation property tax
34 levy on that portion shall be increased to the rate of ~~four~~
35 three dollars and ~~ninety~~ ninety-two cents per thousand dollars

1 of assessed valuation the first succeeding year, ~~five~~ four
2 dollars and ~~fifteen~~ twelve cents per thousand dollars of
3 assessed valuation the second succeeding year, and ~~five~~ four
4 dollars and ~~forty~~ thirty-two cents per thousand dollars of
5 assessed valuation the third succeeding year and each year
6 thereafter.

7 Sec. 13. NEW SECTION. 257A.1 PROPERTY TAX LIMITATION.

8 1. For property taxes due and payable in the fiscal year
9 beginning July 1, 2008, and all subsequent fiscal years,
10 property taxes levied by a school district shall not exceed
11 the following percentages of the actual value of the property
12 as determined by the assessor after application of the
13 appropriate reduction in section 441.21:

14 a. For residential property, one-fourth of one percent.

15 b. For income residential property, one-fourth of one
16 percent.

17 c. For commercial property, three-fourths of one percent.

18 d. For industrial property, one-half of one percent.

19 e. For agricultural property, one-fourth of one percent.

20 2. In any fiscal year, the ratio of the percentage amount
21 actually levied to the maximum percentage levy allowed shall
22 be the same for each type of property in subsection 1.

23 3. This section applies to all school district property
24 tax levies, other than those authorized in sections 257.3 and
25 257.4.

26 4. a. For the fiscal year beginning July 1, 2008, the
27 percentage tax rate levied against each type of property
28 described in subsection 1 shall not exceed the sum of one-
29 fourth of one percent plus the corresponding percentage tax
30 rate imposed against that type of property in the fiscal year
31 beginning July 1, 2007. For the fiscal years beginning July
32 1, 2009, and July 1, 2010, the percentage tax rate levied
33 against each type of property described in subsection 1 shall
34 not exceed the sum of one-fourth of one percent plus the
35 percentage tax rate imposed for the previous fiscal year.

1 Implementation of this subsection shall not cause the
2 percentage tax rate levied against any type of property
3 described in subsection 1 to exceed the limitations in that
4 subsection.

5 b. If, for the fiscal year beginning July 1, 2007, the
6 corresponding percentage tax rate imposed against each type of
7 property described in subsection 1 exceeds the percentage rate
8 limitations in subsection 1, a school district shall reduce
9 its levy over a three-year period in order to meet the
10 percentage rate limitation requirements of subsection 1.

11 Sec. 14. NEW SECTION. 257A.2 PROPERTY TAX LIMITATION --
12 CONSUMER PRICE INDEX.

13 1. Notwithstanding the limitation in section 257A.1,
14 beginning with the fiscal year beginning July 1, 2011, the
15 amount of property taxes to be levied by a school district
16 against any class of property for the budget year cannot
17 exceed the amount computed in this section. This section
18 applies to all school district property tax levies, other than
19 those authorized in sections 257.3 and 257.4.

20 2. The school district property tax limitation shall be
21 computed as follows:

22 a. Determine the amount of property taxes levied as a
23 percent of taxable value in the current fiscal year.

24 b. Determine the sum of the amount of taxable value of
25 property for the current fiscal year, and the amount of
26 increase in taxable value of property due to new construction,
27 additions or improvements to existing structures, expiration
28 of tax abatement under chapter 404, and any increase in
29 valuation because of reclassification of property.

30 c. Multiply the percent calculated in paragraph "a" times
31 the amount in paragraph "b".

32 d. Multiply the product determined in paragraph "c" times
33 the sum of one plus the consumer price index.

34 3. For purposes of this section, "consumer price index"
35 means the percentage rate of change in the consumer price

1 index as tabulated by the United States department of labor,
2 bureau of labor statistics, for the twelve-month period ending
3 June 30 of the previous fiscal year.

4 Sec. 15. Section 331.263, subsection 2, Code 2005, is
5 amended to read as follows:

6 2. The governing body of the community commonwealth shall
7 have the authority to levy county taxes and shall have the
8 authority to levy city taxes to the extent the city tax levy
9 authority is transferred by the charter to the community
10 commonwealth. A city participating in the community
11 commonwealth shall transfer a portion of the city's tax levy
12 authorized under section 384.1 ~~or 384.12, whichever is~~
13 ~~applicable,~~ to the governing body of the community
14 commonwealth. The maximum rates of taxes authorized to be
15 levied under ~~sections~~ section 384.1 ~~and 384.12~~ by a city
16 participating in the community commonwealth shall be reduced
17 by an amount equal to the rates of the same or similar taxes
18 levied in the city by the governing body of the community
19 commonwealth.

20 Sec. 16. Section 331.301, subsections 11 and 12, Code
21 2005, are amended to read as follows:

22 11. A county may levy for tort liability insurance,
23 property insurance, and any other insurance that may be
24 necessary in the operation of the county, costs of a self-
25 insurance program, costs of a local government risk pool, and
26 amounts payable under any insurance agreements to provide or
27 procure such insurance, self-insurance program, or local
28 government risk pool. A county may enter into insurance
29 agreements obligating the county to make payments beyond its
30 current budget year to procure or provide for a policy of
31 insurance, a self-insurance program, or a local government
32 risk pool to protect the county against tort liability, loss
33 of property, or any other risk associated with the operation
34 of the county. Such a self-insurance program or local
35 government risk pool is not insurance and is not subject to

1 regulation under chapters 505 through 523C. However, those
2 self-insurance plans regulated pursuant to section 509A.14
3 shall remain subject to the requirements of section 509A.14
4 and rules adopted pursuant to that section.

5 12. The board of supervisors may credit funds to a reserve
6 for the purposes authorized by subsection 11 of this section,
7 ~~section-331.424, subsection-1, paragraph-"f"~~, and section
8 331.441, subsection 2, paragraph "b". Moneys credited to the
9 reserve, and interest earned on such moneys, shall remain in
10 the reserve until expended for purposes authorized by
11 subsection 11 of this section,~~section-331.424, subsection-1,~~
12 ~~paragraph-"f"~~, or section 331.441, subsection 2, paragraph
13 "b".

14 Sec. 17. Section 331.421, Code 2005, is amended by adding
15 the following new subsections:

16 NEW SUBSECTION. 1A. "Budget year" is the fiscal year
17 beginning during the calendar year in which a budget is first
18 certified.

19 NEW SUBSECTION. 2A. "Current fiscal year" is the fiscal
20 year ending during the calendar year in which a budget is
21 first certified.

22 Sec. 18. Section 331.421, subsection 10, Code 2005, is
23 amended by striking the subsection.

24 Sec. 19. Section 331.422, unnumbered paragraph 1, Code
25 2005, is amended to read as follows:

26 Subject to this section and sections 331.423 through
27 ~~331.426~~ 331.424C or as otherwise provided by state law, the
28 board of each county shall certify property taxes annually at
29 its March session to be levied for county purposes as follows:

30 Sec. 20. Section 331.423, Code 2005, is amended by
31 striking the section and inserting in lieu thereof the
32 following:

33 331.423 PROPERTY TAX LEVY LIMITATION.

34 1. Annually, the board may certify a levy subject to the
35 limits in this section and section 444.29. For property taxes

1 due and payable in the fiscal year beginning July 1, 2008, and
2 all subsequent fiscal years, property taxes levied by a county
3 shall not exceed the following percentages of the actual value
4 of the property as determined by the assessor after the
5 appropriate reduction in section 441.21 is applied:

6 a. For residential property in the incorporated areas of
7 the county, one-fourth of one percent.

8 b. For residential property in the unincorporated areas of
9 the county, one percent.

10 c. For commercial property in the incorporated areas of
11 the county, three-fourths of one percent.

12 d. For commercial property in the unincorporated areas of
13 the county, two percent.

14 e. For industrial property in the incorporated areas of
15 the county, one percent.

16 f. For industrial property in the unincorporated areas of
17 the county, three percent.

18 g. For agricultural property in the incorporated areas of
19 the county, one-fourth of one percent.

20 h. For agricultural property in the unincorporated areas
21 of the county, three-fourths of one percent.

22 i. For income residential property in the incorporated
23 areas of the county, one-half of one percent.

24 j. For income residential property in the unincorporated
25 areas of the county, one-half of one percent.

26 2. Notwithstanding subsection 1, paragraph "c", property
27 taxes levied by a county against commercial property in the
28 incorporated areas of the county shall not exceed the
29 following percentages of the actual value of the property as
30 determined by the assessor after the appropriate reduction in
31 section 441.21 is applied:

32 a. For property taxes due and payable in the fiscal year
33 beginning July 1, 2008, one percent.

34 b. For property taxes due and payable in the fiscal year
35 beginning July 1, 2009, seven-eighths of one percent.

1 3. a. In any fiscal year, the ratio of the percentage
2 amount actually levied and the maximum percentage levy allowed
3 shall be the same for each type of property in subsection 1,
4 paragraphs "a", "c", "e", "g", and "i", and subsection 2, when
5 applicable.

6 b. In any fiscal year, the ratio of the percentage amount
7 actually levied and the maximum percentage levy allowed shall
8 be the same for each type of property in subsection 1,
9 paragraphs "b", "d", "f", "h", and "j".

10 4. The limitations in subsections 1 and 2 do not apply to
11 amounts levied for debt service pursuant to section 331.430.

12 5. a. For the fiscal year beginning July 1, 2008, the
13 percentage tax rate levied against each type of property
14 described in subsections 1 and 2 shall not exceed the sum of
15 one-fourth of one percent plus the corresponding percentage
16 tax rate imposed against that type of property in the fiscal
17 year beginning July 1, 2007. For the fiscal years beginning
18 July 1, 2009, and July 1, 2010, the percentage tax rate levied
19 against each type of property described in subsections 1 and 2
20 shall not exceed the sum of one-fourth of one percent plus the
21 percentage tax rate imposed for the previous fiscal year.
22 Implementation of this subsection shall not cause the
23 percentage tax rate levied against any type of property
24 described in subsections 1 and 2 to exceed the limitations in
25 those subsections.

26 b. If, for the fiscal year beginning July 1, 2007, the
27 corresponding percentage tax rate imposed against each type of
28 property described in subsections 1 and 2 exceeds the
29 percentage rate limitations in those subsections, a county
30 shall reduce its levy over a three-year period in order to
31 meet the percentage rate limitation requirements of
32 subsections 1 and 2.

33 Sec. 21. NEW SECTION. 331.423A ENDING FUND BALANCE.

34 1. Effective for a fiscal year beginning on or after July
35 1, 2011, budgeted ending fund balances for a budget year in

1 excess of twenty-five percent of budgeted expenditures in
2 either the general fund or rural services fund for that budget
3 year shall be explicitly reserved or designated for a specific
4 purpose and specifically described in the certified budget.
5 The certified budget for the budget year shall include a
6 description of any changes from the current fiscal year to the
7 explicitly reserved or designated purpose for the excess
8 ending fund balance as specifically described in the certified
9 budget. For purposes of this section, ending fund balances
10 shall be determined either on a cash basis or an accrual
11 basis, whichever is consistent with the method used for the
12 county's budget. The description shall include the projected
13 date that the expenditures will be appropriated for the
14 specific purpose. Budgeted ending fund balances reserved or
15 designated shall only be used for the purpose specifically
16 described in the certified budget. The certified budget shall
17 not be amended for the purpose of changing the specific
18 purpose after the budget year begins.

19 2. In a protest to the county budget under section
20 331.436, the county shall have the burden of proving that the
21 budgeted ending fund balances in excess of twenty-five percent
22 are reasonably likely to be appropriated for the explicitly
23 reserved or designated specific purpose by the date identified
24 in the certified budget.

25 3. The budgeted ending fund balance in excess of twenty-
26 five percent of expenditures for the general fund or rural
27 services fund shall be considered an increase in an item in
28 the budget for purposes of section 24.28. The state appeal
29 board may certify a decision in accordance with section 24.32
30 that requires a reduction in the budgeted ending fund balance
31 for a particular fund.

32 4. For purposes of this section, the general fund includes
33 the general basic fund and the general supplemental fund and
34 the rural services fund includes the rural services basic fund
35 and the rural services supplemental fund.

1 Sec. 22. NEW SECTION. 331.423B SERVICE CHARGE IN LIEU OF
2 PROPERTY TAXES.

3 A county may adopt an ordinance imposing a service charge
4 against all property located in the county. Service charges
5 are due and payable at the same time and in the same manner as
6 property taxes are paid. Service charges collected pursuant
7 to this section shall be deposited into the county general
8 services fund or rural services fund, as applicable, for use
9 in funding the service for which the service charge was
10 imposed. The maximum percentages of actual value allowed to
11 be levied pursuant to section 331.423 shall be adjusted to
12 reflect the amount of service charges estimated to be
13 collected in a fiscal year.

14 Real property subject to a service charge, which property
15 is exempt from property taxation, shall be valued and assessed
16 as required in section 427.1, subsection 18, and in accordance
17 with chapter 441, and the owner or other persons as authorized
18 by chapter 441 are entitled to protest any assessment and take
19 appeals in the same manner as any taxpayer.

20 Sec. 23. Section 331.424A, subsection 4, Code Supplement
21 2005, is amended to read as follows:

22 4. For the fiscal year beginning July 1, 1996, and for
23 each subsequent fiscal year, the county shall certify a levy
24 for payment of services. For each fiscal year, county
25 revenues from taxes imposed by the county credited to the
26 services fund shall not exceed an amount equal to the amount
27 of base year expenditures for services as defined in section
28 331.438, less the amount of property tax relief to be received
29 pursuant to section 426B.2, in the fiscal year for which the
30 budget is certified. The county auditor and the board of
31 supervisors shall reduce the amount of the levy certified for
32 the services fund by the amount of property tax relief to be
33 received. A levy certified under this section is not subject
34 to the any appeal provisions ~~of section 331.426 or to any~~
35 ~~other provision~~ in law authorizing a county to exceed,

1 increase, or appeal a property tax levy limit.

2 Sec. 24. Section 331.427, subsection 3, paragraph 1, Code
3 Supplement 2005, is amended to read as follows:

4 1. Services listed in section 331.424, subsection 1, Code
5 Supplement 2005, and section 331.554.

6 Sec. 25. Section 331.428, subsection 2, paragraph d, Code
7 2005, is amended to read as follows:

8 d. Services listed under section 331.424, subsection 2,
9 Code Supplement 2005.

10 Sec. 26. Section 331.429, subsection 1, paragraphs a and
11 b, Code 2005, are amended to read as follows:

12 a. Transfers from the general fund not to exceed in any
13 year the dollar equivalent of a tax of sixteen and seven-
14 eighths cents per thousand dollars of assessed value on all
15 taxable property in the county multiplied by the ratio of
16 ~~current-taxes-actually-collected-and-apportioned-for-the~~
17 ~~general-basic-levy-to-the-total-general-basic-levy-for-the~~
18 ~~current-year~~ in section 331.423, subsection 3, paragraph "a",
19 and an amount equivalent to the moneys derived by the general
20 fund from ~~military-service-tax-credits-under-chapter-426A7~~
21 ~~manufactured-or-mobile-home-taxes-under-section-435-227-and~~
22 delinquent taxes for prior years collected and apportioned to
23 the general basic fund in the current year, multiplied by the
24 ratio of sixteen and seven-eighths cents to three dollars and
25 fifty cents.

26 b. Transfers from the rural services fund not to exceed in
27 any year the dollar equivalent of a tax of three dollars and
28 three-eighths cents per thousand dollars of assessed value on
29 all taxable property not located within the corporate limits
30 of a city in the county multiplied by the ratio of ~~current~~
31 ~~taxes-actually-collected-and-apportioned-for-the-rural~~
32 ~~services-basic-levy-to-the-total-rural-services-basic-levy-for~~
33 ~~the-current-year~~ in section 331.423, subsection 3, paragraph
34 "b", and an amount equivalent to the moneys derived by the
35 rural services fund from ~~military-service-tax-credits-under~~

1 ~~chapter-426A~~~~7-manufactured-or-mobile-home-taxes-under-section~~
2 ~~435-227-and~~ delinquent taxes for prior years collected and
3 apportioned to the rural services basic fund in the current
4 year, multiplied by the ratio of three dollars and three-
5 eighths cents to three dollars and ninety-five cents.

6 Sec. 27. Section 331.434, unnumbered paragraph 1, Code
7 2005, is amended to read as follows:

8 Annually, the board of each county, subject to sections
9 331.423 through ~~331-426~~ 331.424C and other applicable state
10 law, shall prepare and adopt a budget, certify taxes, and
11 provide appropriations as follows:

12 Sec. 28. Section 331.435, unnumbered paragraph 1, Code
13 2005, is amended to read as follows:

14 The board may amend the adopted county budget, subject to
15 sections 331.423 through ~~331-426~~ 331.424C and other applicable
16 state law, to permit increases in any class of proposed
17 expenditures contained in the budget summary published under
18 section 331.434, subsection 3.

19 Sec. 29. Section 331.436, Code 2005, is amended by adding
20 the following new unnumbered paragraph:

21 NEW UNNUMBERED PARAGRAPH. For purposes of a protest to the
22 adopted budget, "item" means a budgeted expenditure,
23 appropriation, or cash reserve from a fund for a service area,
24 program, program element, or purpose.

25 Sec. 30. Section 335.30A, unnumbered paragraph 2, Code
26 2005, is amended to read as follows:

27 "Land-leased community" means any site, lot, field, or
28 tract of land under common ownership upon which ten or more
29 occupied manufactured homes are harbored, either free of
30 charge or for revenue purposes, and shall include any
31 building, structure, or enclosure used or intended for use as
32 part of the equipment of the land-leased community. The term
33 "land-leased community" shall not be construed to include
34 homes, buildings, or other structures temporarily maintained
35 by any individual, educational institution, or company on

1 their own premises and used exclusively to house their own
2 labor or students. A manufactured home located in a land-
3 leased community shall be taxed under section 435.22 ~~as-if-the~~
4 ~~manufactured-home-were-located-in-a-mobile-home-park.~~

5 Sec. 31. Section 373.10, Code 2005, is amended to read as
6 follows:

7 373.10 TAXING AUTHORITY.

8 The metropolitan council shall have the authority to levy
9 city taxes to the extent the city tax levy authority is
10 transferred by the charter to the metropolitan council. A
11 member city shall transfer a portion of the city's tax levy
12 authorized under section 384.1 ~~or-384.12, whichever is~~
13 ~~applicable,~~ to the metropolitan council. The maximum rates of
14 taxes authorized to be levied under sections section 384.1 and
15 ~~384.12~~ by a member city shall be reduced by an amount equal to
16 the rates of the same or similar taxes levied in the city by
17 the metropolitan council.

18 Sec. 32. Section 384.1, Code 2005, is amended by striking
19 the section and inserting in lieu thereof the following:

20 384.1 PROPERTY TAX LEVY LIMITATION.

21 1. Annually, a city may certify a levy subject to the
22 limits in this section and section 444.29. For property taxes
23 due and payable in the fiscal year beginning July 1, 2008, and
24 all subsequent fiscal years, property taxes levied by a city
25 shall not exceed the following percentages of the actual value
26 of the property as determined by the assessor after the
27 appropriate reduction in section 441.21 is applied:

28 a. For residential property, one percent.

29 b. For commercial property, one and one-half percent.

30 c. For industrial property, two percent.

31 d. For agricultural property, three-fourths of one
32 percent.

33 e. For income residential property, one and one-half
34 percent.

35 2. Notwithstanding subsection 1, paragraph "b", property

1 taxes levied by a city against commercial property shall not
2 exceed the following percentages of the actual value of the
3 property as determined by the assessor after the appropriate
4 reduction in section 441.21 is applied:

5 a. For property taxes due and payable in the fiscal year
6 beginning July 1, 2008, two percent.

7 b. For property taxes due and payable in the fiscal year
8 beginning July 1, 2009, one and three-fourths percent.

9 3. In any fiscal year, the ratio of the percentage amount
10 actually levied to the maximum percentage levy allowed shall
11 be the same for each type of property in subsections 1 and 2.

12 4. The limitations in subsections 1 and 2 do not apply to
13 amounts levied for debt service pursuant to section 384.4.

14 5. a. For the fiscal year beginning July 1, 2008, the
15 percentage tax rate levied against each type of property
16 described in subsections 1 and 2 shall not exceed the sum of
17 one-fourth of one percent plus the corresponding percentage
18 tax rate imposed against that type of property in the fiscal
19 year beginning July 1, 2007. For the fiscal years beginning
20 July 1, 2009, and July 1, 2010, the percentage tax rate levied
21 against each type of property described in subsections 1 and 2
22 shall not exceed the sum of one-fourth of one percent plus the
23 percentage tax rate imposed for the previous fiscal year.

24 Implementation of this subsection shall not cause the
25 percentage tax rate levied against any type of property
26 described in subsections 1 and 2 to exceed the limitations in
27 those subsections.

28 b. If, for the fiscal year beginning July 1, 2007, the
29 corresponding percentage tax rate imposed against each type of
30 property described in subsections 1 and 2 exceeds the
31 percentage rate limitations in those subsections, a city shall
32 reduce its levy over a three-year period in order to meet the
33 percentage rate limitation requirements of subsections 1 and
34 2.

35 Sec. 33. Section 384.6, subsection 1, Code 2005, is

1 amended to read as follows:

2 1. Accounting for pension and related employee benefit
3 funds as provided by the city finance committee. A city may
4 make contributions to a retirement system other than the Iowa
5 public employees' retirement system for its city manager, or
6 city administrator performing the duties of city manager, in
7 an annual amount not to exceed the amount that would have been
8 contributed by the employer under section 97B.11. If a police
9 chief or fire chief has submitted a written request to the
10 board of trustees to be exempt from chapter 411, authorized in
11 section 411.3, subsection 1, a city shall make contributions
12 for the chief, in an amount not to exceed the amount that
13 would have been contributed by the city under section 411.8,
14 subsection 1, paragraph "a", to the international city
15 management association/retirement corporation. A city may
16 certify taxes to be levied for a trust and agency fund ~~in the~~
17 ~~amount necessary to meet its obligations,~~ subject to the
18 limitation in section 384.1.

19 Sec. 34. Section 384.7, Code 2005, is amended to read as
20 follows:

21 384.7 CAPITAL IMPROVEMENTS FUND.

22 A city may establish a capital improvements reserve fund,
23 and may certify taxes ~~not to exceed sixty-seven and one-half~~
24 ~~cents per thousand dollars of taxable value~~ each year to be
25 levied for the fund, subject to the limitation in section
26 384.1, for the purpose of accumulating moneys for the
27 financing of specified capital improvements, or carrying out a
28 specific capital improvement plan.

29 ~~The question of the establishment of a capital improvements~~
30 ~~reserve fund, the time period during which a levy will be made~~
31 ~~for the fund, and the tax rate to be levied for the fund is~~
32 ~~subject to approval by the voters, and may be submitted at any~~
33 ~~city election upon the council's motion, or shall be submitted~~
34 ~~at the next regular city election upon receipt of a valid~~
35 ~~petition as provided in section 362.4.~~

1 ~~If a continuing capital improvements levy is established by~~
2 ~~election, it may be terminated in the same manner, upon the~~
3 ~~council's motion or upon petition.~~ Balances in a capital
4 improvements reserve fund are not unencumbered or
5 unappropriated funds for the purpose of reducing tax levies.
6 Transfers may be made between the capital improvements reserve
7 fund, construction funds, and the general fund, as provided in
8 rules promulgated by the city finance committee created in
9 section 384.13.

10 Sec. 35. Section 384.8, Code 2005, is amended to read as
11 follows:

12 384.8 EMERGENCY FUND.

13 A city may establish an emergency fund and may certify
14 ~~taxes not to exceed twenty-seven cents per thousand dollars of~~
15 ~~taxable value~~ each year to be levied for the fund, subject to
16 the limitation in section 384.1. Transfers may be made from
17 the emergency fund to the general fund as provided in rules
18 promulgated by the city finance committee created in section
19 384.13.

20 Sec. 36. NEW SECTION. 384.12A SERVICE CHARGE IN LIEU OF
21 PROPERTY TAXES.

22 A city may adopt an ordinance imposing a service charge
23 against all property located in the city. Service charges are
24 due and payable at the same time and in the same manner as
25 property taxes are paid. Service charges collected pursuant
26 to this section shall be deposited into the city general fund
27 for use in funding the service for which the service charge
28 was imposed. The maximum percentages of actual value allowed
29 to be levied pursuant to section 384.1 shall be adjusted to
30 reflect the amount of service charges estimated to be
31 collected in a fiscal year.

32 Real property subject to a service charge, which property
33 is exempt from property taxation, shall be valued and assessed
34 as required in section 427.1, subsection 18, and in accordance
35 with chapter 441, and the owner or other persons as authorized

1 by chapter 441 are entitled to protest any assessment and take
2 appeals in the same manner as any taxpayer.

3 Sec. 37. Section 384.84, subsection 8, Code 2005, is
4 amended to read as follows:

5 8. For the purposes of this section, "premises" includes a
6 mobile home, modular home, or manufactured home as defined in
7 ~~section 435.17--when-the-mobile-home, modular-home, or~~
8 ~~manufactured-home-is-taxed-as-real-estate.~~

9 Sec. 38. Section 384.110, Code 2005, is amended to read as
10 follows:

11 384.110 INSURANCE, SELF-INSURANCE, AND RISK POOLING FUNDS.

12 A city may credit funds to a fund or funds for the purposes
13 authorized by section 364.4, subsection 5; ~~section-384.12,~~
14 ~~subsection-18;~~ or section 384.24, subsection 3, paragraph "s";
15 or to pay the premium costs on tort liability insurance,
16 property insurance, and any other insurance that may be
17 necessary in the operation of the city, the costs of a self-
18 insurance program, the costs of a local government risk pool
19 and amounts payable under any insurance agreements to provide
20 or procure such insurance, self-insurance program, or local
21 government risk pool. Moneys credited to the fund or funds,
22 and interest earned on such moneys, shall remain in the fund
23 or funds until expended for purposes authorized by section
24 364.4, subsection 5; ~~section-384.12, subsection-18;~~ or section
25 384.24, subsection 3, paragraph "s"; or for purposes specified
26 in this section.

27 Sec. 39. Section 414.28A, unnumbered paragraph 2, Code
28 2005, is amended to read as follows:

29 "Land-leased community" means any site, lot, field, or
30 tract of land under common ownership upon which ten or more
31 occupied manufactured homes are harbored, either free of
32 charge or for revenue purposes, and shall include any
33 building, structure, or enclosure used or intended for use as
34 part of the equipment of the land-leased community. The term
35 "land-leased community" shall not be construed to include

1 homes, buildings, or other structures temporarily maintained
2 by any individual, educational institution, or company on
3 their own premises and used exclusively to house their own
4 labor or students. A manufactured home located in a land-
5 leased community shall be taxed under section 435.22 ~~as-if-the~~
6 ~~manufactured-home-were-located-in-a-mobile-home-park.~~

7 Sec. 40. Section 426B.1, subsection 3, Code 2005, is
8 amended to read as follows:

9 3. There is annually appropriated from the property tax
10 relief fund to the department of human services to supplement
11 the medical assistance appropriation for the fiscal year
12 beginning July 1, 1997, and for succeeding fiscal years, six
13 million six hundred thousand dollars to be used for the
14 nonfederal share of the costs of services provided to minors
15 with mental retardation under the medical assistance program
16 to meet the requirements of section 249A.12, subsection 4.
17 The appropriation in this subsection shall be charged to the
18 property tax relief fund prior to the distribution of moneys
19 from the fund under section 426B.2 and the amount of moneys
20 available for distribution shall be reduced accordingly.
21 However, the appropriation in this subsection shall be
22 considered to be a property tax relief payment for purposes of
23 the combined amount of payments required to achieve fifty
24 seventy-five percent of the counties' base year expenditures
25 as provided in section 426B.2, subsection 2.

26 Sec. 41. Section 426B.2, subsection 2, Code 2005, is
27 amended to read as follows:

28 2. The distributions under subsection 1 shall continue to
29 be made until the combined amount of the distributions made
30 under subsection 1 are equal to fifty seventy-five percent of
31 the total of all counties' base year expenditures as defined
32 in section 331.438.

33 Sec. 42. Section 427A.1, subsection 1, paragraph c, Code
34 2005, is amended to read as follows:

35 c. Buildings, structures or improvements, any of which are

1 constructed on or in the land, attached to the land, or placed
2 upon a foundation whether or not attached to the foundation.

3 ~~However, property taxed under chapter 435 shall not be~~
4 ~~assessed and taxed as real property.~~

5 Sec. 43. Section 435.1, subsections 3, 5, and 7, Code
6 Supplement 2005, are amended to read as follows:

7 3. "Manufactured home" means a factory-built structure
8 built under authority of 42 U.S.C. § 5403, that is required by
9 federal law to display a seal from the United States
10 department of housing and urban development, and was
11 constructed on or after June 15, 1976. ~~If a~~ A manufactured
12 ~~home is placed in a manufactured home community or a mobile~~
13 ~~home park, the home~~ must be titled ~~and is subject to the~~
14 ~~manufactured or mobile home square foot tax. -- If a~~
15 ~~manufactured home is placed outside a manufactured home~~
16 ~~community or a mobile home park, the home must be titled~~ and
17 is to be assessed and taxed as real estate.

18 5. "Mobile home" means any vehicle without motive power
19 used or so manufactured or constructed as to permit its being
20 used as a conveyance upon the public streets and highways and
21 so designed, constructed, or reconstructed as will permit the
22 vehicle to be used as a place for human habitation by one or
23 more persons; but shall also include any such vehicle with
24 motive power not registered as a motor vehicle in Iowa. A
25 "mobile home" is not built to a mandatory building code,
26 contains no state or federal seals, and was built before June
27 15, 1976. ~~If a~~ A mobile home is ~~placed outside a mobile home~~
28 ~~park, the home is~~ to be assessed and taxed as real estate.

29 7. "Modular home" means a factory-built structure which is
30 manufactured to be used as a place of human habitation, is
31 constructed to comply with the Iowa state building code for
32 modular factory-built structures, as adopted pursuant to
33 section 103A.7, and must display the seal issued by the state
34 building code commissioner. ~~If a modular home is placed in a~~
35 ~~manufactured home community or mobile home park, the home is~~

~~1 subject to the annual tax as required by section 435.22. -- If a~~
~~2 A modular home is placed outside a manufactured home community~~
~~3 or a mobile home park, the home shall be considered real~~
4 property and is to be assessed and taxed as real estate.

5 Sec. 44. Section 435.22, Code 2005, is amended by striking
6 the section and inserting in lieu thereof the following:

7 435.22 ASSESSMENT -- CREDITS.

8 A mobile home or manufactured home used primarily as a
9 residence shall be assessed as improved residential property
10 pursuant to section 441.21, subsection 4, and shall be taxed
11 an annual ad valorem tax in the same manner as other
12 residential property. A mobile home or manufactured home used
13 primarily for commercial or industrial purposes shall be
14 assessed as improved commercial or industrial property
15 pursuant to section 441.21, subsection 5A, and shall be taxed
16 an annual ad valorem tax in the same manner as other
17 commercial or industrial property. Persons who own a mobile
18 home or manufactured home as a homestead and who meet the
19 qualifications provided in section 425.2 are eligible for the
20 homestead exemption and if they meet the qualifications
21 provided in sections 425.17 through 425.37 are eligible for an
22 extraordinary property tax exemption. A person who owns a
23 mobile home or manufactured home is eligible to apply for the
24 military tax exemption as provided in section 426A.11.

25 Real estate located in a manufactured home community or a
26 mobile home park, as defined in section 435.1, shall be
27 assessed and taxed as improved residential property. Real
28 estate located in a land-leased community, as defined in
29 sections 335.30A and 414.28A, shall be assessed and taxed as
30 improved residential property.

31 Sec. 45. Section 435.23, Code 2005, is amended to read as
32 follows:

33 435.23 EXEMPTIONS ---PRORATING-TAX.

34 The manufacturer's and dealer's inventory of mobile homes,
35 manufactured homes, or modular homes not in use as a place of

1 human habitation shall be exempt from the annual tax. All
2 travel trailers shall be exempt from this tax. The homes and
3 travel trailers in the inventory of manufacturers and dealers
4 shall be exempt from personal property tax. ~~The homes coming~~
5 ~~into Iowa from out of state and located in a manufactured home~~
6 ~~community or mobile home park shall be liable for the tax~~
7 ~~computed pro-rata to the nearest whole month, for the time the~~
8 ~~home is actually situated in Iowa.~~

9 Sec. 46. Section 435.24, subsections 1, 2, and 4, Code
10 Supplement 2005, are amended to read as follows:

11 1. ~~The annual tax is due and payable to the county~~
12 ~~treasurer on or after July 1 in each fiscal year and is~~
13 ~~collectible in the same manner and at the same time as~~
14 ~~ordinary taxes as provided in sections 445.36, 445.37, and~~
15 ~~445.39. Interest at the rate prescribed by law shall accrue~~
16 ~~on unpaid taxes. Both installments of taxes may be paid at~~
17 ~~one time. The September installment represents a tax period~~
18 ~~beginning July 1 and ending December 31. The March~~
19 ~~installment represents a tax period beginning January 1 and~~
20 ~~ending June 30. A mobile home, manufactured home, or modular~~
21 ~~home coming into this state from outside the state, put in use~~
22 ~~from a dealer's inventory, or put in use at any time after~~
23 ~~July 1 or January 1, and located in a manufactured home~~
24 ~~community or mobile home park, is subject to the taxes~~
25 ~~prorated for the remaining unexpired months of the tax period,~~
26 ~~but the purchaser is not required to pay the tax at the time~~
27 ~~of purchase. Interest attaches the following April 1 for~~
28 ~~taxes prorated on or after October 1. Interest attaches the~~
29 ~~following October 1 for taxes prorated on or after April 1.~~
30 Interest at the rate prescribed by law shall accrue on unpaid
31 taxes. If the taxes are not paid, the county treasurer shall
32 send a statement of delinquent taxes as part of the notice of
33 tax sale as provided in section 446.9. ~~The owner of a home~~
34 ~~who sells the home between July 1 and December 31 and obtains~~
35 ~~a tax clearance statement is responsible only for the~~

1 ~~September-tax-payment-and-is-not-required-to-pay-taxes-for~~
2 ~~subsequent-tax-periods.~~ If the owner of a home located in a
3 manufactured home community or mobile home park sells the
4 home, obtains a tax clearance statement, and obtains a
5 replacement home to be located in a manufactured home
6 community or mobile home park, the owner shall not pay taxes
7 under this chapter for the newly acquired home for the same
8 tax period that the owner has paid taxes on the home sold.
9 Interest for delinquent taxes shall be calculated to the
10 nearest whole dollar. In calculating interest each fraction
11 of a month shall be counted as an entire month.

12 2. The home owners upon issuance of a certificate of title
13 or upon transporting to a new site shall file the address,
14 township, and school district, of the location where the home
15 is parked with the county treasurer's office. Failure to
16 comply is punishable as set out in section 435.18. ~~When-the~~
17 ~~new-location-is-outside-of-a-manufactured-home-community-or~~
18 ~~mobile-home-park,-the~~ The county treasurer shall provide to
19 the assessor a copy of the tax clearance statement for
20 purposes of assessment as real estate on the following January
21 1.

22 4. The tax is a lien on the vehicle senior to any other
23 lien upon it except a judgment obtained in an action to
24 dispose of an abandoned home under section 555B.8. The home
25 bearing a current registration issued by any other state and
26 remaining within this state for an accumulated period not to
27 exceed ninety days in any twelve-month period is not subject
28 to Iowa tax. However, when one or more persons occupying a
29 home bearing a foreign registration are employed in this
30 state, there is no exemption from the Iowa tax. ~~This-tax-is~~
31 ~~in-lieu-of-all-other-taxes-general-or-local-on-a-home.~~

32 Sec. 47. Section 435.26, subsection 1, paragraph a, Code
33 2005, is amended to read as follows:

34 a. A mobile home or manufactured home which is located
35 outside a manufactured home community or mobile home park

1 shall be converted-to-real-estate-by-being placed on a
2 permanent foundation and shall be assessed for real estate
3 taxes. ~~A home, after conversion to real estate, is eligible~~
4 ~~for the homestead tax credit and the military service tax~~
5 ~~exemption as provided in sections 425.2 and 426A.11.~~ Such
6 mobile home or manufactured home is subject to the
7 requirements of this section.

8 Sec. 48. Section 435.27, subsection 1, Code 2005, is
9 amended to read as follows:

10 1. A mobile home or manufactured home ~~converted to real~~
11 ~~estate under section 435.26 may be reconverted to a home as~~
12 ~~provided in this section when it~~ that is moved to a
13 manufactured home community or mobile home park or a
14 manufactured or mobile home retailer's inventory is subject to
15 the requirements of this section. ~~When the home is located~~
16 ~~within a manufactured home community or mobile home park, the~~
17 ~~home shall be taxed pursuant to section 435.22, subsection 1.~~

18 Sec. 49. Section 435.27, subsection 3, Code 2005, is
19 amended by striking the subsection.

20 Sec. 50. Section 435.28, Code 2005, is amended to read as
21 follows:

22 435.28 COUNTY TREASURER TO NOTIFY ASSESSOR.

23 Upon issuance of a certificate of title to a mobile home or
24 manufactured home which is not located in a ~~manufactured home~~
25 ~~community or mobile home park or~~ dealer's inventory, the
26 county treasurer shall notify the assessor of the existence of
27 the home for tax assessment purposes.

28 Sec. 51. Section 435.35, Code 2005, is amended to read as
29 follows:

30 435.35 EXISTING HOME OUTSIDE OF MANUFACTURED HOME
31 COMMUNITY OR MOBILE HOME PARK -- EXEMPTION.

32 A taxable mobile home or manufactured home which is not
33 located in a manufactured home community or mobile home park
34 as of January 1, 1995, ~~shall be assessed and taxed as real~~
35 ~~estate.~~ ~~The home~~ is also exempt from the permanent foundation

1 requirements of this chapter until the home is relocated.

2 Sec. 52. Section 441.16, unnumbered paragraph 7, Code
3 2005, is amended to read as follows:

4 Any tax for the maintenance of the office of assessor and
5 other assessment procedure shall be levied only upon the
6 property in the area assessed by said assessor and such tax
7 ~~levy shall not exceed forty and one-half cents per thousand~~
8 ~~dollars of assessed value in assessing areas where the~~
9 ~~valuation upon which the tax is levied does not exceed ninety-~~
10 ~~two million, six hundred thousand dollars, thirty-three and~~
11 ~~three-fourths cents per thousand dollars of assessed value in~~
12 ~~assessing areas where the valuation upon which the tax is~~
13 ~~levied exceeds ninety-two million, six hundred thousand~~
14 ~~dollars and does not exceed one hundred eleven million, one~~
15 ~~hundred twenty thousand dollars, twenty-seven cents per~~
16 ~~thousand dollars of assessed value in assessing areas where~~
17 ~~the valuation upon which the tax is levied exceeds one hundred~~
18 ~~eleven million, one hundred twenty thousand dollars~~ is subject
19 to the limitation in section 331.423 or 384.1, as applicable.

20 The county treasurer shall credit the sums received from such
21 levy to a separate fund to be known as the "assessment expense
22 fund" and from which fund all expenses incurred under this
23 chapter shall be paid. In the case of a county where there is
24 more than one assessor the treasurer shall maintain separate
25 assessment expense funds for each assessor.

26 Sec. 53. Section 441.50, Code 2005, is amended to read as
27 follows:

28 441.50 APPRAISERS EMPLOYED.

29 The conference board shall have power to employ appraisers
30 or other technical or expert help to assist in the valuation
31 of property, the cost thereof to be paid in the same manner as
32 other expenses of the assessor's office. The conference board
33 may certify for levy annually ~~an amount not to exceed forty~~
34 ~~and one-half cents per thousand dollars of assessed value of~~
35 taxable property, subject to the limitation in section 331.423

1 or 384.1, as applicable, for the purpose of establishing a
2 special appraiser's fund, to be used only for such purposes.
3 From time to time the conference board may direct the transfer
4 of any unexpended balance in the special appraiser's fund to
5 the assessment expense fund.

6 Sec. 54. NEW SECTION. 444.29 PROPERTY TAX LIMITATION --
7 CONSUMER PRICE INDEX.

8 1. Notwithstanding the limitations in sections 331.423 and
9 384.1, beginning with the fiscal year beginning July 1, 2011,
10 the percentage increase in the amount of property taxes to be
11 levied by a city or a county against any class of property for
12 a fiscal year cannot exceed the amount computed in this
13 section.

14 2. The property tax limitation shall be computed as
15 follows:

16 a. Determine the amount of property taxes levied as a
17 percent of taxable value in the current fiscal year.

18 b. Determine the sum of the amount of taxable value of
19 property for the current fiscal year, and the amount of
20 increase in taxable value of property due to new construction,
21 additions or improvements to existing structures, expiration
22 of tax abatement under chapter 404, and any increase in
23 valuation because of reclassification of property.

24 c. Multiply the percent calculated in paragraph "a" times
25 the amount in paragraph "b".

26 d. Multiply the product determined in paragraph "c" times
27 the sum of one plus the consumer price index.

28 3. a. A city or county may exceed the limitation in this
29 section if the purpose of exceeding the limitation is to
30 provide additional property tax credits, exemptions, or
31 abatements, and if the proposition to exceed the limitation is
32 submitted at the regular city election in the case of a city
33 or at the general election in the case of a county.

34 b. Notice of the election shall be given by publication as
35 required by section 49.53.

1 c. The proposition of exceeding the limitation is not
2 adopted unless the proposition receives a favorable majority
3 of the votes cast on the proposition.

4 d. If the proposition of exceeding the limitation is
5 approved by the voters, the city or county may proceed to
6 exceed the limitation for a period not to exceed four years.

7 e. In no case shall the percentage rate limitations in
8 sections 331.423 and 384.1 be exceeded by operation of this
9 subsection.

10 4. For purposes of this section, "consumer price index"
11 means the percentage rate of change in the consumer price
12 index as tabulated by the United States department of labor,
13 bureau of labor statistics, for the twelve-month period ending
14 June 30 of the previous fiscal year.

15 Sec. 55. Section 445.1, subsection 6, Code 2005, is
16 amended to read as follows:

17 6. "Taxes" means an annual ad valorem tax, a special
18 assessment, a drainage tax, and a rate or charge, ~~and taxes on~~
19 ~~homes-pursuant-to-chapter-435~~ which are collectible by the
20 county treasurer.

21 Sec. 56. Section 445.39, Code 2005, is amended to read as
22 follows:

23 445.39 INTEREST ON DELINQUENT TAXES.

24 If the first installment of taxes is not paid by the
25 delinquent date specified in section 445.37, the installment
26 becomes due and draws interest of one ~~and one-half~~ percent per
27 month until paid, from the delinquent date following the levy.
28 If the last half is not paid by the delinquent date specified
29 for it in section 445.37, the same interest shall be charged
30 from the date the last half became delinquent. However, after
31 April 1 in a fiscal year when late delivery of the tax list
32 referred to in chapter 443 results in a delinquency date later
33 than October 1 for the first installment, interest on
34 delinquent first installments shall accrue as if delivery were
35 made on the previous June 30. The interest imposed under this

1 section shall be computed to the nearest whole dollar and the
2 amount of interest shall not be less than one dollar. In
3 calculating interest each fraction of a month shall be counted
4 as an entire month. The interest percentage on delinquent
5 special assessments and rates or charges is the same as that
6 for the first installment of delinquent ad valorem taxes.

7 Sec. 57. Section 447.1, unnumbered paragraph 1, Code 2005,
8 is amended to read as follows:

9 A parcel sold under this chapter and chapter 446 may be
10 redeemed at any time before the right of redemption expires,
11 by payment to the county treasurer, to be held by the
12 treasurer subject to the order of the purchaser, of the amount
13 for which the parcel was sold, including the fee for the
14 certificate of purchase, and interest of ~~two~~ one and one-half
15 percent per month, counting each fraction of a month as an
16 entire month, from the month of sale, and the total amount
17 paid by the purchaser or the purchaser's assignee for any
18 subsequent year, with interest at the same rate added on the
19 amount of the payment for each subsequent year from the month
20 of payment, counting each fraction of a month as an entire
21 month. The amount of interest must be at least one dollar and
22 shall be rounded to the nearest whole dollar. Interest shall
23 accrue on subsequent amounts from the month of payment by the
24 certificate holder.

25 Sec. 58. Sections 331.424, 331.424B, 331.425, 331.426,
26 384.12, 435.33, and 435.34, Code 2005, are repealed.

27 Sec. 59. EFFECTIVE AND APPLICABILITY DATES.

28 1. The sections of this division amending sections 445.39
29 and 447.1 take effect July 1, 2006, and apply to property
30 taxes which become delinquent on or after July 1, 2006, and to
31 parcels sold for delinquent taxes on or after July 1, 2006.

32 2. The remainder of this division of this Act takes effect
33 July 1, 2007, and applies to fiscal years beginning on or
34 after July 1, 2008.

35

DIVISION II

1 ASSESSMENT OF PROPERTY

2 Sec. 60. Section 403.20, Code 2005, is amended to read as
3 follows:

4 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN VALUE
5 ASSESSMENT.

6 In determining the assessed value of property within an
7 urban renewal area which is subject to a division of tax
8 revenues pursuant to section 403.19, the ~~difference-between~~
9 ~~the-actual-value-of-the-property-as-determined-by-the-assessor~~
10 ~~each-year-and-the-percentage-of-adjustment-certified-for-that~~
11 ~~year-by-the-director-of-revenue-on-or-before-November-1~~
12 reductions applied to the property pursuant to section 441.21,
13 subsection 9 4, 5, 5A, 5B, or 5C, multiplied-by-the-actual
14 value-of-the-property-as-determined-by-the-assessor, shall be
15 subtracted from the actual value of the property as determined
16 pursuant to section 403.19, subsection 1. If the assessed
17 value of the property as determined pursuant to section
18 403.19, subsection 1, is reduced to zero, the additional
19 valuation reduction shall be subtracted from the actual value
20 of the property as determined by the assessor.

21 Sec. 61. Section 433.6, Code 2005, is amended to read as
22 follows:

23 433.6 TAXABLE VALUE.

24 The taxable value shall be ~~determined-by-taking-the~~
25 ~~percentage-of-the-actual-value-so-ascertained,~~ reduced as
26 provided by section 441.21, and the ratio between the actual
27 value and the assessed or taxable value of the property of
28 each of said companies shall be the same as in the case of
29 property of private individuals.

30 Sec. 62. Section 437.7, Code 2005, is amended to read as
31 follows:

32 437.7 TAXABLE VALUE.

33 The taxable value of such line or lines of which the
34 director of revenue by this chapter is required to find the
35 value, shall be determined by taking the ~~percentage-of-the~~

1 ~~actual~~ reduction in value so ascertained, as provided by
2 section 441.21, and the ratio between the actual value and the
3 assessed or taxable value of the transmission line or lines of
4 each of said companies located outside of cities shall be the
5 same as in the case of the property of private individuals.

6 Sec. 63. Section 441.1, Code 2005, is amended to read as
7 follows:

8 441.1 OFFICE OF ASSESSOR CREATED.

9 ~~In~~ Except as otherwise provided in section 441.16A, in
10 every county in the state of Iowa the office of assessor is
11 hereby created. A city having a population of ten thousand or
12 more, according to the latest federal census, may by ordinance
13 provide for the selection of a city assessor and for the
14 assessment of property in the city under the provisions of
15 this chapter. A city desiring to provide for assessment under
16 the provisions of this chapter shall, not less than sixty days
17 before the expiration of the term of the assessor in office,
18 notify the taxing bodies affected and proceed to establish a
19 conference board, examining board, and board of review and
20 select an assessor, all as provided in this chapter. A city
21 desiring to abolish the office of city assessor shall repeal
22 the ordinance establishing the office of city assessor, notify
23 the county conference board and the affected taxing districts,
24 provide for the transfer of appropriate records and other
25 matters, and provide for the abolition of the respective
26 boards and the termination of the terms of office of the
27 assessor and members of the respective boards. The abolition
28 of the city assessor's office shall take effect on July 1
29 following notification of the abolition unless otherwise
30 agreed to by the affected conference boards. If notification
31 of the proposed abolition is made after January 1, sufficient
32 funds shall be transferred from the city assessor's budget to
33 fund the additional responsibilities transferred to the county
34 assessor for the next fiscal year.

35 Sec. 64. NEW SECTION. 441.16A COUNTIES JOINING IN

1 EMPLOYMENT OF MULTICOUNTY ASSESSOR.

2 The conference boards of two or more adjacent counties may
3 enter into an agreement to jointly employ a county assessor.
4 Such agreement shall be written and entered in their
5 respective minutes and a copy of the agreement transmitted to
6 the conference board of each county that is a party to the
7 agreement. The written agreement shall provide for the manner
8 of allocation of the budget of the assessor's office. The
9 provisions of chapter 28E shall be applicable to this section,
10 except that such agreement shall not be applicable for a
11 period of less than six years beginning from the date the
12 multicounty assessor is appointed by the conference board.

13 A multicounty conference board shall be established as
14 provided in section 441.2, with representation from each
15 county that is a party to the agreement. The multicounty
16 conference board shall appoint one examining board.

17 The term of the multicounty assessor shall begin on July 1
18 following the date of the agreement and the terms of the
19 incumbent assessor in each county that is a party to the
20 agreement shall expire on that date, notwithstanding the term
21 specified in section 441.8.

22 Sec. 65. Section 441.21, subsection 1, paragraph b,
23 unnumbered paragraph 1, Code Supplement 2005, is amended to
24 read as follows:

25 The actual value of all property subject to assessment and
26 taxation shall be the fair and reasonable market value of such
27 property except as otherwise provided in this section.

28 "Market value" is defined as the fair and reasonable exchange
29 in the year in which the property is listed and valued between
30 a willing buyer and a willing seller, neither being under any
31 compulsion to buy or sell and each being familiar with all the
32 facts relating to the particular property. Sale prices of the
33 property or comparable property in normal transactions
34 reflecting market value, and the probable availability or
35 unavailability of persons interested in purchasing the

1 property, shall be taken into consideration in arriving at its
2 market value. In arriving at market value, sale prices of
3 property in abnormal transactions not reflecting market value
4 shall not be taken into account, or shall be adjusted to
5 eliminate the effect of factors which distort market value,
6 including but not limited to sales to immediate family of the
7 seller, foreclosure or other forced sales, contract sales,
8 discounted purchase transactions or purchase of adjoining land
9 or other land to be operated as a unit. The sales price of
10 property sold at public auction shall not be presumed to be a
11 sales price of an abnormal transaction, nor shall a sale at
12 public auction be presumed to be a factor which distorts
13 market value. The sale price of property sold in the calendar
14 year prior to the assessment year shall be presumed to be the
15 market value of the property for that assessment year if the
16 buyer and seller in such transaction were not immediate family
17 members. If the assessment of such property is protested, the
18 assessor has the burden of proving by a preponderance of the
19 evidence that the market value is other than the sale price.

20 Sec. 66. Section 441.21, subsection 1, paragraphs e and f,
21 Code Supplement 2005, are amended by striking the paragraphs.

22 Sec. 67. Section 441.21, subsection 1, paragraph g, Code
23 Supplement 2005, is amended to read as follows:

24 ~~g. Notwithstanding any other provision of this section,~~
25 ~~the~~ The actual value of any property shall not exceed its fair
26 and reasonable market value, except ~~agricultural property~~
27 ~~which shall be valued exclusively as provided in paragraph "e"~~
28 ~~of this subsection~~ as otherwise provided in this section.

29 Sec. 68. Section 441.21, subsection 2, Code Supplement
30 2005, is amended by adding the following new unnumbered
31 paragraph:

32 NEW UNNUMBERED PARAGRAPH. In the event market value of
33 newly constructed residential property being assessed cannot
34 be readily established because of insufficient comparable
35 sales, the assessor shall use the replacement cost method to

1 value the property.

2 Sec. 69. Section 441.21, subsection 4, Code Supplement
3 2005, is amended by striking the subsection and inserting in
4 lieu thereof the following:

5 4. a. (1) For valuations established for the assessment
6 year beginning January 1, 2007, and each year thereafter, the
7 actual value at which residential property is assessed shall
8 be the sum of the market value for the assessment year and for
9 the previous four assessment years, as determined by the
10 assessor, divided by five.

11 (2) For valuations established for the assessment year
12 beginning January 1, 2007, and each year thereafter, the
13 actual value at which residential property is assessed shall
14 be reduced by fifty percent up to a maximum of twenty thousand
15 dollars on each parcel of residential property assessed for
16 taxation. The reduction shall be applied to an improved
17 parcel only.

18 b. (1) For valuations established for the assessment year
19 beginning January 1, 2007, and each year thereafter, the
20 actual value at which income residential property is assessed
21 shall be the sum of the market value for the assessment year
22 and for the previous four assessment years, as determined by
23 the assessor, divided by five.

24 (2) For valuations established for the assessment year
25 beginning January 1, 2007, and each year thereafter, the
26 actual value at which income residential property is assessed
27 shall be reduced by fifty percent up to a maximum of twenty
28 thousand dollars on each parcel of income residential property
29 assessed for taxation. The reduction shall be applied to an
30 improved parcel only. "Income residential property" means
31 residential property consisting of three or more separate
32 living quarters with at least seventy-five percent of the
33 space used for residential purposes.

34 Sec. 70. Section 441.21, subsection 5, Code Supplement
35 2005, is amended to read as follows:

1 5. For valuations established as of January 1, 1979,
2 commercial property and industrial property, excluding
3 properties referred to in section 427A, subsection 7, shall
4 be assessed as a percentage of the actual value of each class
5 of property. The percentage shall be determined for each
6 class of property by the director of revenue for the state in
7 accordance with the provisions of this section. For
8 valuations established as of January 1, 1979, the percentage
9 shall be the quotient of the dividend and divisor as defined
10 in this section. The dividend for each class of property
11 shall be the total actual valuation for each class of property
12 established for 1978, plus six percent of the amount so
13 determined. The divisor for each class of property shall be
14 the valuation for each class of property established for 1978,
15 as reported by the assessors on the abstracts of assessment
16 for 1978, plus the amount of value added to the total actual
17 value by the revaluation of existing properties in 1979 as
18 equalized by the director of revenue pursuant to section
19 441:49. For valuations established as of January 1, 1979,
20 property valued by the department of revenue pursuant to
21 sections 428.24 through 428.29, and chapters 428, 433, 437,
22 and 438 shall be considered as one class of property and shall
23 be assessed as a percentage of its actual value. The
24 percentage shall be determined by the director of revenue in
25 accordance with the provisions of this section. For
26 valuations established as of January 1, 1979, the percentage
27 shall be the quotient of the dividend and divisor as defined
28 in this section. The dividend shall be the total actual
29 valuation established for 1978 by the department of revenue,
30 plus ten percent of the amount so determined. The divisor for
31 property valued by the department of revenue pursuant to
32 sections 428.24 through 428.29 and chapters 428, 433, 437, and
33 438 shall be the valuation established for 1978, plus the
34 amount of value added to the total actual value by the
35 revaluation of the property by the department of revenue as of

1 January 1, 1979. For valuations established as of January 1,
2 1980, commercial property and industrial property, excluding
3 properties referred to in section 427A.1, subsection 7, shall
4 be assessed at a percentage of the actual value of each class
5 of property. The percentage shall be determined for each
6 class of property by the director of revenue for the state in
7 accordance with the provisions of this section. For
8 valuations established as of January 1, 1980, the percentage
9 shall be the quotient of the dividend and divisor as defined
10 in this section. The dividend for each class of property
11 shall be the dividend as determined for each class of property
12 for valuations established as of January 1, 1979, adjusted by
13 the product obtained by multiplying the percentage determined
14 for that year by the amount of any additions or deletions to
15 actual value, excluding those resulting from the revaluation
16 of existing properties, as reported by the assessors on the
17 abstracts of assessment for 1979, plus four percent of the
18 amount so determined. The divisor for each class of property
19 shall be the total actual value of all such property in 1979,
20 as equalized by the director of revenue pursuant to section
21 441.49, plus the amount of value added to the total actual
22 value by the revaluation of existing properties in 1980. The
23 director shall utilize information reported on the abstracts
24 of assessment submitted pursuant to section 441.45 in
25 determining such percentage. For valuations established as of
26 January 1, 1980, property valued by the department of revenue
27 pursuant to sections 428.24 through 428.29, and chapters 428,
28 433, 437, and 438 shall be assessed at a percentage of its
29 actual value. The percentage shall be determined by the
30 director of revenue in accordance with the provisions of this
31 section. For valuations established as of January 1, 1980,
32 the percentage shall be the quotient of the dividend and
33 divisor as defined in this section. The dividend shall be the
34 total actual valuation established for 1979 by the department
35 of revenue, plus eight percent of the amount so determined.

1 The divisor for property valued by the department of revenue
2 pursuant to sections 428.24 through 428.29, and chapters 428,
3 433, 437, and 438 shall be the valuation established for 1979,
4 plus the amount of value added to the total actual value by
5 the revaluation of the property by the department of revenue
6 as of January 1, 1980. ~~For valuations established as of~~
7 ~~January 1, 1981, and each year thereafter, the percentage of~~
8 ~~actual value as equalized by the director of revenue as~~
9 ~~provided in section 441.49 at which commercial property and~~
10 ~~industrial property, excluding properties referred to in~~
11 ~~section 427A.1, subsection 7, shall be assessed shall be~~
12 ~~calculated in accordance with the methods provided herein,~~
13 ~~except that any references to six percent in this subsection~~
14 ~~shall be four percent.~~ For valuations established as of
15 January 1, 1981, and each year thereafter, the percentage of
16 actual value at which property valued by the department of
17 revenue pursuant to sections 428.24 through 428.29, and
18 chapters 428, 433, 437, and 438 shall be assessed shall be
19 calculated in accordance with the methods provided herein in
20 this section, except that any references to ten percent in
21 this subsection shall be eight percent. Beginning with
22 valuations established as of January 1, 1979, and each year
23 thereafter, property valued by the department of revenue
24 pursuant to chapter 434 shall also be assessed at a percentage
25 of its actual value which percentage shall be equal to the
26 percentage determined by the director of revenue for
27 commercial property, industrial property, or property valued
28 by the department of revenue pursuant to sections 428.24
29 through 428.29, and chapters 428, 433, 437, and 438, whichever
30 is lowest.

31 Sec. 71. Section 441.21, Code Supplement 2005, is amended
32 by adding the following new subsections:

33 NEW SUBSECTION. 5A. a. For valuations established for
34 the assessment year beginning January 1, 2007, and each year
35 thereafter, the actual value at which commercial property is

1 assessed shall be the sum of the market value for the
2 assessment year and for the previous four assessment years, as
3 determined by the assessor, divided by five.

4 b. For valuations established for the assessment year
5 beginning January 1, 2007, and each year thereafter, the
6 actual value at which industrial property is assessed shall be
7 the sum of the market value for the assessment year and for
8 the previous four assessment years, as determined by the
9 assessor, divided by five.

10 c. Notwithstanding subsection 2, an owner of commercial
11 property that has a fair market value of less than five
12 hundred thousand dollars may notify the assessor that the
13 owner elects to have the actual value of the property be
14 determined by the assessor using the productive and earning
15 capacity of the property as the sole method of appraisal.
16 This paragraph does not apply to commercial property described
17 in paragraphs "e" and "f" of this subsection. This
18 notification must be provided to the assessor by no later than
19 March 1 of each assessment year the election is taken. In
20 determining the actual value of property under this paragraph,
21 the assessor shall not consider any tax credit equity or other
22 subsidized financing as income provided to the property or
23 property owner.

24 d. For valuations established for the assessment year
25 beginning January 1, 2007, and each year thereafter, the
26 actual value at which commercial property and industrial
27 property is assessed shall be reduced by fifty percent up to a
28 maximum of twenty-five thousand dollars on each parcel of
29 commercial property or industrial property assessed for
30 taxation. The reduction shall be applied to an improved
31 parcel only.

32 e. Commercial property includes agricultural land held for
33 development, commercial, or investment purposes.

34 f. Commercial property includes a tract of land containing
35 an animal feeding operation structure as defined in section

1 459.102 if it is not classified as agricultural property under
2 subsection 5C.

3 NEW SUBSECTION. 5B. a. For valuations established for
4 the assessment year beginning January 1, 2007, and each year
5 thereafter, the actual value at which agricultural property
6 that is not classified as a family farm pursuant to subsection
7 5C or as commercial property pursuant to subsection 5A,
8 paragraph "e" or "f", is assessed shall be the sum of the
9 market value for the assessment year and for the previous four
10 assessment years, as determined by the assessor, divided by
11 five.

12 b. For valuations established for the assessment year
13 beginning January 1, 2007, the actual value at which
14 agricultural property is assessed shall be reduced by fifty
15 percent up to a maximum of sixty-five thousand dollars per
16 farm unit.

17 c. For purposes of this subsection, "farm unit" means the
18 same as defined by the farm services agency of the United
19 States department of agriculture. Before assigning assessed
20 value per tract of agricultural land, the assessor shall
21 establish a per acre assessment for the agricultural property.

22 NEW SUBSECTION. 5C. a. For valuations established for
23 the assessment year beginning January 1, 2007, and each year
24 thereafter, the actual value of agricultural property shall be
25 determined on the basis of productivity and net earning
26 capacity of the property determined on the basis of its use
27 for agricultural purposes capitalized at a rate of seven
28 percent and applied uniformly among counties and among classes
29 of property, except that increases in actual value are limited
30 to four percent. Any formula or method employed to determine
31 productivity and net earning capacity of property shall be
32 adopted in full by rule. The agricultural property assessed
33 under this subsection must be owned by an owner who is
34 actively engaged in farming the agricultural land.

35 b. In counties or townships in which field work on a

1 modern soil survey has been completed since January 1, 1949,
2 the assessor shall place emphasis upon the results of the
3 survey in spreading the valuation among individual parcels of
4 such agricultural property.

5 c. For purposes of this subsection:

6 (1) "Actively engaged in farming" means that the owner
7 inspects the production activities periodically and furnishes
8 at least half of the value of the tools and pays at least half
9 the direct cost of production; or regularly and frequently
10 makes or takes an important part in making management
11 decisions substantially contributing to or affecting the
12 success of the farm operation; or performs physical work which
13 significantly contributes to crop or livestock production.
14 However, a lessor, whether under a cash or a crop share lease,
15 is not actively engaged in farming on the area of the tract
16 covered by the lease. This provision applies to both written
17 and oral leases.

18 (2) "Eligible tract" means an area of agricultural land
19 which is comprised of all of the contiguous tracts under
20 identical legal ownership that are located within the same
21 county and, in the aggregate, more than half the acres of the
22 contiguous tract are devoted to the production of crops or
23 livestock by an owner who is actively engaged in farming.

24 (3) "Owner" means any of the following:

25 (a) An individual who holds the fee simple title to the
26 agricultural land.

27 (b) An individual who owns the agricultural land under a
28 contract of purchase which has been recorded in the office of
29 the county recorder of the county in which the agricultural
30 land is located.

31 (c) An individual who owns the agricultural land under
32 devise or by operation of the inheritance laws, where the
33 whole interest passes or where the divided interest is shared
34 only by individuals related or formerly related to each other
35 by blood, marriage, or adoption.

1 (d) An individual who owns the agricultural land under a
2 deed which conveys a divided interest, where the divided
3 interest is shared only by individuals related or formerly
4 related to each other by blood, marriage, or adoption.

5 (e) A partnership where all partners are related or
6 formerly related to each other by blood, marriage, or
7 adoption.

8 (f) A family farm corporation or authorized farm
9 corporation, as both are defined in section 9H.1, which owns
10 the agricultural land.

11 (4) "Production of crops" includes pastureland.

12 Sec. 72. Section 441.21, subsections 9 and 10, Code
13 Supplement 2005, are amended to read as follows:

14 9. Not later than November 1, ~~1979~~ 2007, and November 1 of
15 each subsequent year, the director shall certify to the county
16 auditor of each county the percentages of actual value at
17 which ~~residential-property, agricultural-property, commercial~~
18 ~~property, industrial-property, and~~ property valued by the
19 department of revenue pursuant to sections 428.24 through
20 428.29, and chapters ~~428~~ 433, 434, 437, and 438 in each
21 assessing jurisdiction in the county shall be assessed for
22 taxation. The county auditor shall proceed to determine the
23 assessed values of ~~agricultural-property, residential~~
24 ~~property, commercial-property, industrial-property, and~~
25 property valued by the department of revenue pursuant to
26 sections 428.24 through 428.29, and chapters ~~428~~ 433, 434,
27 437, and 438 by applying such percentages to the current
28 actual value of such property, as reported to the county
29 auditor by the assessor, and the assessed values so determined
30 shall be the taxable values of such properties upon which the
31 levy shall be made.

32 10. The percentage of actual value computed by the
33 director for agricultural property, residential property,
34 income residential property, commercial property, industrial
35 property, and property valued by the department of revenue

1 pursuant to sections 428.24 through 428.29, and chapters 428-
2 433, 434, 437, and 438 and used to determine assessed values
3 of those classes of property does not constitute a rule as
4 defined in section 17A.2, subsection 11.

5 Sec. 73. Section 441.21, Code Supplement 2005, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 13. a. The reduction amounts in
8 subsections 4, 5A, and 5B shall each year be increased for
9 inflation. Upon determination of the latest cumulative
10 inflation factor, the director of revenue shall multiply each
11 dollar amount set forth in subsections 4, 5A, and 5B by this
12 cumulative inflation factor, shall round off the resulting
13 product to the nearest dollar, and shall transmit the result
14 to each city and county assessor for each assessment year.

15 b. For purposes of this subsection, "cumulative inflation
16 factor" means the product of the annual inflation factor for
17 the 2007 calendar year and all annual inflation factors for
18 subsequent calendar years as determined pursuant to this
19 subsection. The cumulative inflation factor applies to all
20 tax years beginning on or after January 1 of the calendar year
21 for which the latest annual inflation factor has been
22 determined.

23 c. In determining the annual inflation factor, the
24 department shall use the annual percent change, but not less
25 than zero percent, in the gross domestic product price
26 deflator computed for the second quarter of the calendar year
27 by the bureau of economic analysis of the United States
28 department of commerce and shall add all of that percent
29 change to one hundred percent. The annual inflation factor
30 and the cumulative inflation factor shall each be expressed as
31 a percentage rounded to the nearest one-tenth of one percent.
32 The annual inflation factor shall not be less than one hundred
33 percent.

34 d. The annual inflation factor for the 2007 assessment
35 year is one hundred percent.

1 Sec. 74. Section 441.40, Code 2005, is amended to read as
2 follows:

3 441.40 COSTS, FEES AND EXPENSES APPORTIONED.

4 The clerk of the court shall likewise certify to the county
5 treasurer the costs assessed by the court on any appeal from a
6 board of review to the district court, in all cases where said
7 costs are taxed against the board of review or any taxing
8 body. The district court may award payment of the property
9 owner's or aggrieved taxpayer's attorney fees as part of the
10 costs assessed by the court to be taxed against the board of
11 review or any taxing body, unless the court determines that
12 the protest was frivolous, and, in that case, the court may
13 assess the costs of defending the protest against the owner or
14 taxpayer who filed the protest. Thereupon the county
15 treasurer shall compute and apportion the said costs between
16 the various taxing bodies participating in the proceeds of the
17 collection of the taxes involved in any such appeal, and said
18 treasurer shall so compute and apportion the various amounts
19 which said taxing bodies are required to pay in proportion to
20 the amount of taxes each of said taxing bodies is entitled to
21 receive from the whole amount of taxes involved in each of
22 such appeals. The said county treasurer shall deduct from the
23 proceeds of all general taxes collected the amount of costs so
24 computed and apportioned by the treasurer from the moneys due
25 to each taxing body from general taxes collected. The amount
26 so deducted shall be certified to each taxing body in lieu of
27 moneys collected. Said county treasurer shall pay to the
28 clerk of the district court the amount of said costs so
29 computed, apportioned and collected by the treasurer in all
30 cases now on file or hereafter filed in which said costs have
31 not been paid.

32 Sec. 75. Section 441.47, Code 2005, is amended by adding
33 the following new unnumbered paragraph:

34 NEW UNNUMBERED PARAGRAPH. Each county for which a
35 multicounty assessor is appointed pursuant to section 441.16A

1 is considered a separate assessing jurisdiction for purposes
2 of this section.

3 Sec. 76. Section 441.54, Code 2005, is amended to read as
4 follows:

5 441.54 CONSTRUCTION.

6 Whenever in the laws of this state, the words "assessor" or
7 "assessors" appear, singly or in combination with other words,
8 they shall be deemed to mean and refer to the multicounty,
9 county, or city assessor, as the case may be.

10 Sec. 77. NEW SECTION. 441.58 CONFIDENTIALITY OF CERTAIN
11 INFORMATION REQUIRED -- ASSESSOR AND BOARD OF REVIEW.

12 The assessor, the board of review, and the assessment
13 appeal board shall keep confidential any documents, reports,
14 audits, and other information supplied by a taxpayer or
15 property owner relating to the amount or source of income,
16 profits, losses, or expenditures of the taxpayer or property
17 owner, except that such information shall be made available to
18 the taxpayer or property owner or that person's counsel and to
19 the court in case any appeal is taken.

20 Sec. 78. Section 441.72, Code 2005, is amended to read as
21 follows:

22 441.72 ASSESSMENT OF PLATTED LOTS.

23 When a subdivision plat is recorded pursuant to chapter
24 354, the individual lots within the subdivision plat shall not
25 be assessed in excess of the total assessment of the land as
26 acreage or unimproved property for ~~three~~ six years after the
27 recording of the plat or until the lot is actually improved
28 with permanent construction, whichever occurs first. When an
29 individual lot has been improved with permanent construction,
30 the lot shall be assessed for taxation purposes as provided in
31 chapter 428 and this chapter. This section does not apply to
32 special assessment levies.

33 Sec. 79. Section 441.73, subsection 4, Code 2005, is
34 amended to read as follows:

35 4. ~~The executive council shall transfer for the fiscal~~

~~1 year-beginning-July-17-1992,-and-each-fiscal-year-thereafter,
2 from-funds-established-in-sections-425.1-and-426.1,-an-amount
3 necessary-to-pay-litigation-expenses. The amount of the fund
4 for each fiscal year shall not exceed seven hundred thousand
5 dollars. The-executive-council-shall-determine-annually-the
6 proportionate-amounts-to-be-transferred-from-the-two-separate
7 funds. At any time when no litigation is pending or in
8 progress the balance in the litigation expense fund shall not
9 exceed one hundred thousand dollars. Any-excess-moneys-shall
10 be-transferred-in-a-proportionate-amount-back-to-the-funds
11 from-which-they-were-originally-transferred.~~

12 Sec. 80. Section 443.2, unnumbered paragraph 2, Code 2005,
13 is amended to read as follows:

14 The county auditor shall list the aggregate actual value
15 and the aggregate taxable value of all taxable property within
16 the county and each political subdivision including property
17 subject to the statewide property tax imposed under section
18 437A.18 on the tax list in order that the actual value of the
19 taxable property within the county or a political subdivision
20 may be ascertained and shown by the tax list for the purpose
21 of computing the debt-incurring capacity of the county or
22 political subdivision. As used in this section, "actual
23 value" is the value determined under section 441.21,
24 subsections 1 to 3, prior to the reduction to-a-percentage-of
25 in actual value as otherwise provided in section 441.21.
26 "Actual value" of property subject to statewide property tax
27 is the assessed value under section 437A.18.

28 Sec. 81. Chapter 405, Code 2005, is repealed.

29 Sec. 82. EFFECTIVE AND APPLICABILITY DATES. Unless
30 otherwise stated, this division of this Act takes effect
31 January 1, 2007, and applies to assessment years beginning on
32 or after that date.

33

DIVISION III

34

PROPERTY TAX CREDITS AND EXEMPTIONS

35

Sec. 83. Section 25B.7, subsection 2, Code 2005, is

1 amended by striking the subsection.

2 Sec. 84. Section 100.18, subsection 2, paragraph b, Code
3 2005, is amended to read as follows:

4 b. The rules shall require the installation of smoke
5 detectors in existing single-family rental units and multiple-
6 unit residential buildings. Existing single-family dwelling
7 units shall be equipped with approved smoke detectors. A
8 person who files for a homestead credit exemption pursuant to
9 chapter 425 shall certify that the single-family dwelling unit
10 for which the credit exemption is filed has a smoke detector
11 installed in compliance with this section, or that one will be
12 installed within thirty days of the date the filing for the
13 credit exemption is made. The state fire marshal shall adopt
14 rules and establish appropriate procedures to administer this
15 subsection.

16 Sec. 85. Section 216.12, subsection 5, Code 2005, is
17 amended to read as follows:

18 5. The rental or leasing of a housing accommodation in a
19 building which contains housing accommodations for not more
20 than four families living independently of each other, if the
21 owner resides in one of the housing accommodations for which
22 the owner qualifies for the homestead tax credit exemption
23 under section 425.1.

24 Sec. 86. Section 331.401, subsection 1, paragraph g, Code
25 2005, is amended by striking the paragraph.

26 Sec. 87. Section 331.512, subsection 3, Code Supplement
27 2005, is amended to read as follows:

28 3. Carry out duties relating to the homestead tax credit
29 ~~and-agricultural-land-tax-credit~~ exemptions and the military
30 tax exemption as provided in chapters 425 and 426 426A.

31 Sec. 88. Section 331.512, subsection 4, Code Supplement
32 2005, is amended by striking the subsection.

33 Sec. 89. Section 331.559, subsections 12, 13, and 14, Code
34 2005, are amended by striking the subsections.

35 Sec. 90. Section 404.3, subsection 1, Code 2005, is

1 amended to read as follows:

2 1. All qualified real estate assessed as residential
3 property is eligible to receive an exemption from taxation
4 based on the actual value added by the improvements. The
5 exemption is for a period of ten years. The amount of the
6 exemption is equal to a percent of the actual value added by
7 the improvements, determined as follows: One hundred fifteen
8 percent of the value added by the improvements. However, the
9 amount of the actual value added by the improvements which
10 shall be used to compute the exemption shall not exceed twenty
11 thousand dollars and the granting of the exemption shall not
12 result in the actual value of the qualified real estate being
13 reduced below the ~~actual value on which~~ amount of the
14 ~~homestead credit is computed~~ exemption under section 425.1.

15 Sec. 91. Section 425.1, Code Supplement 2005, is amended
16 by striking the section and inserting in lieu thereof the
17 following:

18 425.1 HOMESTEAD ASSESSMENT REDUCTION.

19 For the assessment year beginning January 1, 2007, and each
20 year thereafter, the actual value at which an eligible
21 homestead is assessed pursuant to section 441.21, subsection
22 4, shall be reduced by five thousand dollars. The reduction
23 allowed under this part is in addition to the reduction in
24 section 441.21, subsection 4, paragraph "a".

25 Sec. 92. Section 425.2, Code 2005, is amended to read as
26 follows:

27 425.2 QUALIFYING FOR CREDIT EXEMPTION.

28 A person who wishes to qualify for the credit exemption
29 allowed under this chapter shall obtain the appropriate forms
30 for filing for the credit exemption from the assessor. The
31 person claiming the credit exemption shall file a verified
32 statement and designation of homestead with the assessor for
33 the year for which the person is first claiming the credit
34 exemption. The claim shall be filed not later than July 1 of
35 the year for which the person is claiming the credit

1 exemption. A claim filed after July 1 of the year for which
2 the person is claiming the credit exemption shall be
3 considered as a claim filed for the following year.

4 Upon the filing and allowance of the claim, the claim shall
5 be allowed on that homestead for successive years without
6 further filing as long as the property is legally or equitably
7 owned and used as a homestead by that person or that person's
8 spouse on July 1 of each of those successive years, and the
9 owner of the property being claimed as a homestead declares
10 residency in Iowa for purposes of income taxation, and the
11 property is occupied by that person or that person's spouse
12 for at least six months in each of those calendar years in
13 which the fiscal year begins. When the property is sold or
14 transferred, the buyer or transferee who wishes to qualify
15 shall refile for the credit exemption. However, when the
16 property is transferred as part of a distribution made
17 pursuant to chapter 598, the transferee who is the spouse
18 retaining ownership of the property is not required to refile
19 for the credit exemption. Property divided pursuant to
20 chapter 598 shall not be modified following the division of
21 the property. An owner who ceases to use a property for a
22 homestead or intends not to use it as a homestead for at least
23 six months in a calendar year shall provide written notice to
24 the assessor by July 1 following the date on which the use is
25 changed. A person who sells or transfers a homestead or the
26 personal representative of a deceased person who had a
27 homestead at the time of death, shall provide written notice
28 to the assessor that the property is no longer the homestead
29 of the former claimant.

30 In case the owner of the homestead is in active service in
31 the armed forces of this state or of the United States, or is
32 sixty-five years of age or older, or is disabled, the
33 statement and designation may be signed and delivered by any
34 member of the owner's family, by the owner's guardian or
35 conservator, or by any other person who may represent the

1 owner under power of attorney. If the owner of the homestead
2 is married, the spouse may sign and deliver the statement and
3 designation. The director of human services or the director's
4 designee may make application for the benefits of this chapter
5 as the agent for and on behalf of persons receiving assistance
6 under chapter 249.

7 Any person sixty-five years of age or older or any person
8 who is disabled may request, in writing, from the appropriate
9 assessor forms for filing for the homestead tax credit
10 exemption. Any person sixty-five years of age or older or who
11 is disabled may complete the form, which shall include a
12 statement of homestead, and mail or return it to the
13 appropriate assessor. The signature of the claimant on the
14 statement shall be considered the claimant's acknowledgment
15 that all statements and facts entered on the form are correct
16 to the best of the claimant's knowledge.

17 Upon adoption of a resolution by the county board of
18 supervisors, any person may request, in writing, from the
19 appropriate assessor forms for the filing for the homestead
20 tax credit exemption. The person may complete the form, which
21 shall include a statement of homestead, and mail or return it
22 to the appropriate assessor. The signature of the claimant on
23 the statement of homestead shall be considered the claimant's
24 acknowledgment that all statements and facts entered on the
25 form are correct to the best of the claimant's knowledge.

26 Sec. 93. Section 425.3, unnumbered paragraph 4, Code 2005,
27 is amended to read as follows:

28 The county auditor shall forward the claims to the board of
29 supervisors. The board shall allow or disallow the claims.
30 If the board disallows a claim, it shall send written notice,
31 by mail, to the claimant at the claimant's last known address.
32 The notice shall state the reasons for disallowing the claim
33 for the credit exemption. The board is not required to send
34 notice that a claim is disallowed if the claimant voluntarily
35 withdraws the claim.

1 Sec. 94. Section 425.6, Code 2005, is amended to read as
2 follows:

3 425.6 WAIVER BY NEGLECT.

4 If a person fails to file a claim or to have a claim on
5 file with the assessor for the credits exemption provided in
6 this chapter, the person is deemed to have waived the
7 homestead credit exemption for the year in which the person
8 failed to file the claim or to have a claim on file with the
9 assessor.

10 Sec. 95. Section 425.7, subsection 3, Code 2005, is
11 amended to read as follows:

12 3. If the director of revenue determines that a claim for
13 the homestead credit exemption has been allowed by the board
14 of supervisors which is not justifiable under the law and not
15 substantiated by proper facts, the director may, at any time
16 within thirty-six months from July 1 of the year in which the
17 claim is allowed, set aside the allowance. Notice of the
18 disallowance shall be given to the county auditor of the
19 county in which the claim has been improperly granted and a
20 written notice of the disallowance shall also be addressed to
21 the claimant at the claimant's last known address. The
22 claimant or board of supervisors may appeal to the state board
23 of tax review pursuant to section 421.1, subsection 4. The
24 claimant or the board of supervisors may seek judicial review
25 of the action of the state board of tax review in accordance
26 with chapter 17A.

27 If a claim is disallowed by the director of revenue and not
28 appealed to the state board of tax review or appealed to the
29 state board of tax review and thereafter upheld upon final
30 resolution, including any judicial review, ~~any-amounts-of~~
31 ~~credits-allowed-and-paid-from-the-homestead-credit-fund~~
32 ~~including-the-penalty,-if-any,~~ the taxes that would have been
33 due on the disallowed claim, if not otherwise paid, shall
34 become a lien upon the property on which credit the exemption
35 was originally granted, if still in the hands of the claimant,

1 and not in the hands of a bona fide purchaser, and any amount
2 ~~so erroneously of such taxes not paid~~ including the penalty,
3 if any, shall be collected by the county treasurer in the same
4 manner as other taxes ~~and the collections shall be returned to~~
5 ~~the department of revenue and credited to the homestead credit~~
6 ~~fund. The director of revenue may institute legal proceedings~~
7 ~~against a homestead credit claimant for the collection of~~
8 ~~payments made on disallowed credits and the penalty, if any.~~
9 If a person makes a false claim or affidavit with fraudulent
10 intent to obtain the homestead credit exemption, the person is
11 guilty of a fraudulent practice and the claim shall be
12 disallowed in full. ~~If the credit has been paid, the amount~~
13 ~~of the credit plus a penalty equal to twenty-five percent of~~
14 ~~the amount of credit plus interest, at the rate in effect~~
15 ~~under section 421.7, from the time of payment shall be~~
16 ~~collected by the county treasurer in the same manner as other~~
17 ~~property taxes, penalty, and interest are collected and when~~
18 ~~collected shall be paid to the director of revenue.~~ If a
19 homestead credit exemption is disallowed and the claimant
20 failed to give written notice to the assessor as required by
21 section 425.2 when the property ceased to be used as a
22 homestead by the claimant, a civil penalty equal to five
23 percent of the amount of the taxes that would have been due on
24 the disallowed credit exemption is assessed against the
25 claimant.

26 Sec. 96. Section 425.8, unnumbered paragraph 1, Code 2005,
27 is amended to read as follows:

28 The director of revenue shall prescribe the form for the
29 making of verified statement and designation of homestead, the
30 form for the supporting affidavits required herein, and such
31 other forms as may be necessary for the proper administration
32 of this chapter. Whenever necessary, the department of
33 revenue shall forward to the county auditors of the several
34 counties in the state the prescribed sample forms, and the
35 county auditors shall furnish blank forms prepared in

1 accordance therewith with the assessment rolls, books, and
2 supplies delivered to the assessors. The department of
3 revenue shall prescribe and the county auditors shall provide
4 on the forms for claiming the homestead credit exemption a
5 statement to the effect that the owner realizes that the owner
6 must give written notice to the assessor when the owner
7 changes the use of the property.

8 Sec. 97. Section 425.9, Code 2005, is amended by striking
9 the section and inserting in lieu thereof the following:

10 425.9 EXEMPTION -- APPEAL -- CREDIT.

11 If any claim for exemption made under this chapter has been
12 denied by the board of supervisors, and such action is
13 subsequently reversed on appeal, the exemption shall be
14 allowed on the homestead involved in the appeal, and the
15 director of revenue, the county auditor, and the county
16 treasurer shall change their books and records accordingly.

17 If the tax has been levied on the exemption amount of the
18 homestead of the appealing taxpayer or the appealing taxpayer
19 has paid one or both of the installments of the tax payable in
20 the year or years in question on such homestead valuation, a
21 credit for such taxes shall be applied to the property if
22 still in the hands of the claimant.

23 Sec. 98. Section 425.10, Code 2005, is amended to read as
24 follows:

25 425.10 REVERSAL OF ALLOWED CLAIM.

26 In the event any claim is allowed, and subsequently
27 reversed on appeal, any credit exemption made thereunder shall
28 be void, and the amount of such-credit the taxes that would
29 have been due on the exemption shall be charged against the
30 property in question, and the director of revenue, the county
31 auditor, and the county treasurer are authorized and directed
32 to correct their books and records accordingly. The amount of
33 such taxes due on the erroneous credit exemption, when
34 collected, shall be returned distributed by the county
35 treasurer to the homestead-credit-fund-to-be-reallocated-the

1 ~~following-year-as-provided-herein~~ other jurisdictions in the
2 same proportion as the other taxes.

3 Sec. 99. Section 425.11, subsection 3, paragraph a,
4 unnumbered paragraph 1, Code Supplement 2005, is amended to
5 read as follows:

6 The homestead includes the dwelling house which the owner,
7 in good faith, is occupying as a home on July 1 of the year
8 for which the ~~credit~~ exemption is claimed and occupies as a
9 home for at least six months during the calendar year in which
10 the fiscal year begins, except as otherwise provided.

11 Sec. 100. Section 425.11, subsection 3, paragraph c, Code
12 Supplement 2005, is amended to read as follows:

13 c. It must not embrace more than one dwelling house, but
14 where a homestead has more than one dwelling house situated
15 thereon, the ~~credit~~ exemption provided for in this chapter
16 shall apply to the home and buildings used by the owner, but
17 shall not apply to any other dwelling house and buildings
18 appurtenant.

19 Sec. 101. Section 425.11, subsection 4, unnumbered
20 paragraph 1, Code Supplement 2005, is amended to read as
21 follows:

22 The word "owner" shall mean the person who holds the fee
23 simple title to the homestead, and in addition shall mean the
24 person occupying as a surviving spouse or the person occupying
25 under a contract of purchase which contract has been recorded
26 in the office of the county recorder of the county in which
27 the property is located, or the person occupying the homestead
28 under devise or by operation of the inheritance laws where the
29 whole interest passes or where the divided interest is shared
30 only by persons related or formerly related to each other by
31 blood, marriage or adoption, or the person occupying the
32 homestead is a shareholder of a family farm corporation that
33 owns the property, or the person occupying the homestead under
34 a deed which conveys a divided interest where the divided
35 interest is shared only by persons related or formerly related

1 to each other by blood, marriage or adoption or where the
2 person occupying the homestead holds a life estate with the
3 reversion interest held by a nonprofit corporation organized
4 under chapter 504, provided that the holder of the life estate
5 is liable for and pays property tax on the homestead or where
6 the person occupying the homestead holds an interest in a
7 horizontal property regime under chapter 499B, regardless of
8 whether the underlying land committed to the horizontal
9 property regime is in fee or as a leasehold interest, provided
10 that the holder of the interest in the horizontal property
11 regime is liable for and pays property tax on the homestead.
12 For the purpose of this chapter the word "owner" shall be
13 construed to mean a bona fide owner and not one for the
14 purpose only of availing the person of the benefits of this
15 chapter. In order to qualify for the homestead tax **credit**
16 exemption, evidence of ownership shall be on file in the
17 office of the clerk of the district court or recorded in the
18 office of the county recorder at the time the owner files with
19 the assessor a verified statement of the homestead claimed by
20 the owner as provided in section 425.2.

21 Sec. 102. Section 425.12, Code 2005, is amended to read as
22 follows:

23 425.12 INDIAN LAND.

24 Each forty acres of land, or fraction thereof, occupied by
25 a member or members of the Sac and Fox Indians in Tama county,
26 which land is held in trust by the secretary of the interior
27 of the United States for said Indians, shall be given a
28 homestead tax **credit** exemption within the meaning and under
29 the provisions of this chapter. Application for such
30 homestead tax **credit** exemption shall be made to the county
31 auditor of Tama county and may be made by a representative of
32 the tribal council.

33 Sec. 103. Section 425.13, Code 2005, is amended to read as
34 follows:

35 425.13 CONSPIRACY TO DEFRAUD.

1 If any two or more persons conspire and confederate
2 together with fraudulent intent to obtain the credit exemption
3 provided for under the terms of this chapter by making a false
4 deed, or a false contract of purchase, they are guilty of a
5 fraudulent practice.

6 Sec. 104. Section 425.15, Code 2005, is amended to read as
7 follows:

8 425.15 DISABLED VETERAN TAX CREDIT EXEMPTION.

9 If the owner of a homestead allowed ~~a~~-credit an exemption
10 under this chapter is a veteran of any of the military forces
11 of the United States, who acquired the homestead under 38
12 U.S.C. § 21.801, 21.802, or 38 U.S.C. § 2101, 2102, the credit
13 exemption allowed on the homestead ~~from-the-homestead-credit~~
14 ~~fund~~ shall be the entire amount of the tax-levied assessed
15 value on the homestead. The credit exemption allowed shall be
16 continued to the estate of a veteran who is deceased or the
17 surviving spouse and any child, as defined in section 234.1,
18 who are the beneficiaries of a deceased veteran, so long as
19 the surviving spouse remains unmarried. This section is not
20 applicable to the holder of title to any homestead whose
21 annual income, together with that of the titleholder's spouse,
22 if any, for the last preceding twelve-month income tax
23 accounting period exceeds thirty-five thousand dollars. For
24 the purpose of this section "income" means taxable income for
25 federal income tax purposes plus income from securities of
26 state and other political subdivisions exempt from federal
27 income tax. A veteran or a beneficiary of a veteran who
28 elects to secure the credit exemption provided in this section
29 is not eligible for any other real property tax exemption
30 provided by law for veterans of military service. If a
31 veteran acquires a different homestead, the credit exemption
32 allowed under this section may be claimed on the new homestead
33 unless the veteran fails to meet the other requirements of
34 this section.

35 Sec. 105. Section 425.16, Code 2005, is amended to read as

1 follows:

2 425.16 ADDITIONAL TAX ~~CREDIT~~ EXEMPTION.

3 In addition to the homestead tax ~~credit~~ exemption allowed
4 under section 425.1, ~~subsections 1 to 4~~, persons who own or
5 rent their homesteads and who meet the qualifications provided
6 in this division are eligible for an extraordinary property
7 tax ~~credit-or-reimbursement~~ exemption.

8 For the assessment year beginning January 1, 2007, and each
9 year thereafter, the actual value at which an eligible
10 homestead under this part is assessed pursuant to section
11 441.21 shall be reduced by two thousand five hundred dollars.

12 The reduction allowed under this division is in addition to
13 the reduction in section 425.1 and section 441.21, subsection
14 4, paragraph "a".

15 Sec. 106. Section 425.17, subsection 2, Code 2005, is
16 amended to read as follows:

17 2. "Claimant" means either of the following:

18 a. A person filing a claim for ~~credit-or-reimbursement~~
19 exemption under this division who has attained the age of
20 sixty-five years on or before December 31 of the base year or
21 who is totally disabled and was totally disabled on or before
22 December 31 of the base year and is domiciled in this state at
23 the time the claim is filed or at the time of the person's
24 death in the case of a claim filed by the executor or
25 administrator of the claimant's estate and whose income in the
26 base year was less than sixteen thousand five hundred dollars.

27 b. A person filing a claim for ~~credit-or-reimbursement~~
28 exemption under this division who has attained the age of
29 twenty-three years on or before December 31 of the base year
30 or was a head of household on December 31 of the base year, as
31 defined in the Internal Revenue Code, but has not attained the
32 age or disability status described in paragraph "a", and is
33 domiciled in this state at the time the claim is filed or at
34 the time of the person's death in the case of a claim filed by
35 the executor or administrator of the claimant's estate, and

1 was not claimed as a dependent on any other person's tax
2 return for the base year and whose income in the base year was
3 less than sixteen thousand five hundred dollars.

4 "Claimant" under paragraph "a" or "b" includes a vendee in
5 possession under a contract for deed and may include one or
6 more joint tenants or tenants in common. ~~In the case of a~~
7 ~~claim for rent constituting property taxes paid, the claimant~~
8 ~~shall have rented the property during any part of the base~~
9 ~~year.---In the case of a claim for property taxes due, the~~ The
10 claimant shall have occupied the property during any part of
11 the fiscal year beginning July 1 of the base year. If a
12 homestead is occupied by two or more persons, and more than
13 one person is able to qualify as a claimant, the persons may
14 each file a claim based upon each person's income ~~and rent~~
15 ~~constituting property taxes paid or property taxes due.~~

16 Sec. 107. Section 425.17, subsection 3, Code 2005, is
17 amended by striking the subsection.

18 Sec. 108. Section 425.17, subsection 4, Code 2005, is
19 amended to read as follows:

20 4. "Homestead" means the dwelling owned ~~or rented~~ and
21 actually used as a home by the claimant during the period
22 specified in subsection 2, and so much of the land surrounding
23 it including one or more contiguous lots or tracts of land, as
24 is reasonably necessary for use of the dwelling as a home, and
25 may consist of a part of a multidwelling or multipurpose
26 building and a part of the land upon which it is built. It
27 does not include personal property except that a manufactured
28 or mobile home may be a homestead. ~~Any dwelling or a part of~~
29 ~~a multidwelling or multipurpose building which is exempt from~~
30 ~~taxation does not qualify as a homestead under this division.~~
31 ~~However, solely for purposes of claimants living in a property~~
32 ~~and receiving reimbursement for rent constituting property~~
33 ~~taxes paid immediately before the property becomes tax exempt,~~
34 ~~and continuing to live in it after it becomes tax exempt, the~~
35 ~~property shall continue to be classified as a homestead.~~ A

1 homestead must be located in this state. When a person is
2 confined in a nursing home, extended-care facility, or
3 hospital, the person shall be considered as occupying or
4 living in the person's homestead if the person is the owner of
5 the homestead and the person maintains the homestead and does
6 not lease, rent, or otherwise receive profits from other
7 persons for the use of the homestead.

8 Sec. 109. Section 425.17, subsections 8 and 9, Code 2005,
9 are amended by striking the subsections.

10 Sec. 110. Section 425.18, Code 2005, is amended to read as
11 follows:

12 425.18 RIGHT TO FILE A CLAIM.

13 The right to file a claim for ~~reimbursement-or-credit~~
14 exemption under this division may be exercised by the claimant
15 or on behalf of a claimant by the claimant's legal guardian,
16 spouse, or attorney, or by the executor or administrator of
17 the claimant's estate. ~~If-a-claimant-dies-after-having-filed~~
18 ~~a-claim-for-reimbursement-for-rent-constituting-property-taxes~~
19 ~~paid,-the-amount-of-the-reimbursement-may-be-paid-to-another~~
20 ~~member-of-the-household-as-determined-by-the-director.--If-the~~
21 ~~claimant-was-the-only-member-of-the-household,-the~~
22 ~~reimbursement-may-be-paid-to-the-claimant's-executor-or~~
23 ~~administrator,-but-if-neither-is-appointed-and-qualified~~
24 ~~within-one-year-from-the-date-of-the-filing-of-the-claim,-the~~
25 ~~reimbursement-shall-escheat-to-the-state.~~ If a claimant dies
26 after having filed a claim for ~~credit-for-property-taxes-due~~
27 exemption, the amount of credit the exemption shall be paid
28 allowed as if the claimant had not died.

29 Sec. 111. Section 425.19, Code 2005, is amended to read as
30 follows:

31 425.19 CLAIM AND ~~CREDIT-OR-REIMBURSEMENT~~ EXEMPTION.

32 Subject to the limitations provided in this division, a
33 claimant may annually claim ~~a-credit-for-property-taxes-due an~~
34 exemption during the fiscal year next following the base year
35 ~~or-claim-a-reimbursement-for-rent-constituting-property-taxes~~

1 ~~paid-in-the-base-year. The-amount-of-the-credit-for-property~~
2 ~~taxes-due-for-a-homestead-shall-be-paid-on-June-15-of-each~~
3 ~~year-by-the-director-to-the-county-treasurer-who-shall-credit~~
4 ~~the-money-received-against-the-amount-of-the-property-taxes~~
5 ~~due-and-payable-on-the-homestead-of-the-claimant-and-the~~
6 ~~amount-of-the-reimbursement-for-rent-constituting-property~~
7 ~~taxes-paid-shall-be-paid-to-the-claimant-from-the-state~~
8 ~~general-fund-on-or-before-December-31-of-each-year.~~

9 Sec. 112. Section 425.20, unnumbered paragraph 1, Code
10 2005, is amended by striking the unnumbered paragraph.

11 Sec. 113. Section 425.20, unnumbered paragraphs 2 and 3,
12 Code 2005, are amended to read as follows:

13 A claim for ~~credit-for-property-taxes-due~~ exemption shall
14 not be ~~paid-or~~ allowed unless the claim is filed with the
15 county treasurer between January 1 and June 1, both dates
16 inclusive, immediately preceding the fiscal year during which
17 the property taxes are due. However, in case of sickness,
18 absence, or other disability of the claimant, or if in the
19 judgment of the county treasurer good cause exists, the county
20 treasurer may extend the time for filing a claim for ~~credit~~
21 exemption through September 30 of the same calendar year. ~~The~~
22 ~~county-treasurer-shall-certify-to-the-director-of-revenue-on~~
23 ~~or-before-May-1-of-each-year-the-total-amount-of-dollars-due~~
24 ~~for-claims-allowed.~~

25 In case of sickness, absence, or other disability of the
26 claimant or if, in the judgment of the director of revenue,
27 good cause exists and the claimant requests an extension, the
28 director may extend the time for filing a claim for
29 ~~reimbursement-or-credit~~ exemption. However, any further time
30 granted shall not extend beyond December 31 of the year
31 following the year in which the claim was required to be
32 filed. Claims filed as a result of this paragraph shall be
33 filed with the director who shall provide for the
34 reimbursement of the claim to the claimant.

35 Sec. 114. Section 425.22, Code 2005, is amended to read as

1 follows:

2 425.22 ONE CLAIMANT PER HOUSEHOLD.

3 Only one claimant per household per ~~year shall be entitled~~
4 ~~to reimbursement under this division and only one claimant per~~
5 ~~household per~~ fiscal year shall be entitled to a credit an
6 exemption under this division.

7 Sec. 115. Section 425.23, Code 2005, is amended by
8 striking the section and inserting in lieu thereof the
9 following:

10 425.23 ANNUAL ADJUSTMENT TO INCOME.

11 1. For the base year beginning in the 2007 calendar year
12 and for each subsequent base year, the dollar amounts set
13 forth in section 425.17, subsection 2, shall be multiplied by
14 the cumulative adjustment factor for that base year.

15 "Cumulative adjustment factor" means the product of the annual
16 adjustment factor for the 2006 base year and all annual
17 adjustment factors for subsequent base years. The cumulative
18 adjustment factor applies to the base year beginning in the
19 calendar year for which the latest annual adjustment factor
20 has been determined.

21 2. The annual adjustment factor for the 2006 base year is
22 one hundred percent. For each subsequent base year, the
23 annual adjustment factor equals the annual inflation factor
24 for the calendar year, in which the base year begins, as
25 computed in section 422.4 for purposes of the individual
26 income tax.

27 Sec. 116. Section 425.26, subsections 2 and 3, Code 2005,
28 are amended by striking the subsections.

29 Sec. 117. Section 425.27, Code 2005, is amended to read as
30 follows:

31 425.27 AUDIT -- RECALCULATION OR DENIAL.

32 If on the audit of a claim for ~~credit or reimbursement~~
33 exemption under this division, the director determines ~~the~~
34 ~~amount of the claim to have been incorrectly calculated or~~
35 that the claim is not allowable, the director shall

1 ~~recalculate the claim and~~ notify the claimant of the
2 ~~recalculation or~~ denial and the reasons for it. The director
3 shall not adjust a claim after three years from October 31 of
4 the year in which the claim was filed. ~~If the claim for~~
5 ~~reimbursement has been paid, the amount may be recovered by~~
6 ~~assessment in the same manner that income taxes are assessed~~
7 ~~under sections 422.26 and 422.30.~~ If the claim for credit
8 exemption has been paid allowed, the director shall give
9 notification to the claimant and the county treasurer of the
10 ~~recalculation or~~ denial of the claim and the county treasurer
11 shall proceed to collect the tax owed in the same manner as
12 other property taxes due and payable are collected, if the
13 property on which the credit exemption was granted is still
14 owned by the claimant, ~~and repay the amount to the director~~
15 ~~upon collection.~~ If the property on which the credit
16 exemption was granted is not owned by the claimant, the amount
17 may be recovered from the claimant by assessment in the same
18 manner that income taxes are assessed under sections 422.26
19 and 422.30. The recalculation of ~~the claim~~ property taxes due
20 shall be final unless appealed as provided in section 425.31.
21 Section 422.70 is applicable with respect to this division.

22 Sec. 118. Section 425.28, unnumbered paragraph 2, Code
23 2005, is amended to read as follows:

24 The department of revenue may release information
25 pertaining to a person's eligibility ~~or claim for or receipt~~
26 ~~of rent reimbursement~~ to an employee of the department of
27 inspections and appeals in the employee's official conduct of
28 an audit or investigation.

29 Sec. 119. Section 425.29, Code 2005, is amended to read as
30 follows:

31 425.29 FALSE CLAIM -- PENALTY.

32 A person who makes a false affidavit for the purpose of
33 obtaining ~~credit or reimbursement~~ an exemption provided for in
34 this division or who knowingly receives the ~~credit or~~
35 ~~reimbursement~~ exemption without being legally entitled to it

1 or makes claim for the credit-or-reimbursement exemption in
2 more than one county in the state without being legally
3 entitled to it is guilty of a fraudulent practice. The claim
4 for credit-or-reimbursement exemption shall be disallowed in
5 full and if the claim reduction in value has been paid made,
6 the amount of the exemption credited as taxes shall be
7 recovered in the manner provided in section 425.27. The
8 director of revenue shall send a notice of disallowance of the
9 claim.

10 Sec. 120. Section 425.32, Code 2005, is amended to read as
11 follows:

12 425.32 DISALLOWANCE OF CERTAIN CLAIMS.

13 A claim for credit exemption shall be disallowed if the
14 department finds that the claimant or a person of the
15 claimant's household received title to the homestead
16 primarily for the purpose of receiving benefits under this
17 division.

18 Sec. 121. Section 426A.6, Code 2005, is amended to read as
19 follows:

20 426A.6 SETTING ASIDE ALLOWANCE.

21 If the director of revenue determines that a claim for
22 military service tax exemption has been allowed by a board of
23 supervisors which is not justifiable under the law and not
24 substantiated by proper facts, the director may, at any time
25 within thirty-six months from July 1 of the year in which the
26 claim is allowed, set aside the allowance. Notice of the
27 disallowance shall be given to the county auditor of the
28 county in which the claim has been improperly granted and a
29 written notice of the disallowance shall also be addressed to
30 the claimant at the claimant's last known address. The
31 claimant or the board of supervisors may appeal to the state
32 board of tax review pursuant to section 421.1, subsection 4.
33 The claimant or the board of supervisors may seek judicial
34 review of the action of the state board of tax review in
35 accordance with chapter 17A. If a claim is disallowed by the

1 director of revenue and not appealed to the state board of tax
2 review or appealed to the state board of tax review and
3 thereafter upheld upon final resolution, including judicial
4 review, the ~~credits-allowed-and-paid-from-the-general-fund-of~~
5 ~~the-state~~ taxes that would have been due on the disallowed
6 claim, if not otherwise paid, shall become a lien upon the
7 property on which the ~~credit~~ exemption was originally granted,
8 if still in the hands of the claimant and not in the hands of
9 a bona fide purchaser, and the amount ~~so-erroneously~~ of such
10 taxes not paid shall be collected by the county treasurer in
11 the same manner as other taxes, ~~and-the-collections-shall-be~~
12 ~~returned-to-the-department-of-revenue-and-credited-to-the~~
13 ~~general-fund-of-the-state.~~ The ~~director-of-revenue~~ county
14 attorney may institute legal proceedings against a military
15 service tax exemption claimant for the collection of payments
16 made on disallowed exemptions.

17 Sec. 122. Section 426A.8, Code 2005, is amended by
18 striking the section and inserting in lieu thereof the
19 following:

20 426A.8 APPEALS.

21 If any claim for exemption made has been denied by the
22 board of supervisors, and the action is subsequently reversed
23 on appeal, the exemption shall be allowed on the assessed
24 valuation, and the county auditor and the county treasurer
25 shall change their books and records accordingly.

26 If the appealing taxpayer has paid one or both of the
27 installments of the tax payable in the year or years in
28 question on such military service tax exemption valuation, a
29 credit for such taxes shall be applied to the property if
30 still in the hands of the claimant.

31 Sec. 123. Section 426A.9, Code 2005, is amended to read as
32 follows:

33 426A.9 ERRONEOUS CREDITS EXEMPTIONS.

34 If any claim is allowed, and subsequently reversed on
35 appeal, any ~~credit~~ exemption shall be void, and the amount of

1 the credit taxes that would have been due on the exemption
2 shall be charged against the property in question, and the
3 ~~director-of-revenue,~~ the county auditor and the county
4 treasurer shall correct their books and records. The amount
5 of taxes due on the erroneous credit exemption, when
6 collected, shall be returned distributed by the county
7 treasurer to the ~~general-fund-of-the-state~~ other jurisdictions
8 in the same proportion as the other taxes.

9 Sec. 124. Section 426A.11, subsection 2, Code Supplement
10 2005, is amended to read as follows:

11 2. The property, not to exceed one two thousand eight
12 ~~hundred-fifty-two~~ dollars in taxable value of an honorably
13 separated, retired, furloughed to a reserve, placed on
14 inactive status, or discharged veteran, as defined in section
15 35.1.

16 Sec. 125. Section 427.1, subsection 19, unnumbered
17 paragraph 3, Code Supplement 2005, is amended to read as
18 follows:

19 This exemption shall be limited to the market value, as
20 defined in section 441.21, of the pollution-control or
21 recycling property. If the pollution-control or recycling
22 property is assessed with other property as a unit, this
23 exemption shall be limited to the net market value added by
24 the pollution-control or recycling property, determined as of
25 the assessment date. However, for pollution-control
26 exemptions on file as of July 1, 2007, or first applied for on
27 or after July 1, 2007, the exemption is limited to one hundred
28 thousand dollars of market value.

29 Sec. 126. Section 427.9, Code 2005, is amended to read as
30 follows:

31 427.9 SUSPENSION OF TAXES, ASSESSMENTS, AND RATES OR
32 CHARGES, INCLUDING INTEREST, FEES, AND COSTS.

33 If a person is a recipient of federal supplementary
34 security income or state supplementary assistance, as defined
35 in section 249.1, or is a resident of a health care facility,

1 as defined by section 135C.1, which is receiving payment from
2 the department of human services for the person's care, the
3 person shall be deemed to be unable to contribute to the
4 public revenue. The director of human services shall notify a
5 person receiving such assistance of the tax suspension
6 provision and shall provide the person with evidence to
7 present to the appropriate county board of supervisors which
8 shows the person's eligibility for tax suspension on parcels
9 owned, possessed, or upon which the person is paying taxes as
10 a purchaser under contract. The board of supervisors so
11 notified, without the filing of a petition and statement as
12 specified in section 427.8, shall order the county treasurer
13 to suspend the collection of all the taxes, special
14 assessments, and rates or charges, including interest, fees,
15 and costs, assessed against the parcels and remaining unpaid
16 by the person or contractually payable by the person, for such
17 time as the person remains the owner or contractually
18 prospective owner of the parcels, and during the period the
19 person receives assistance as described in this section. The
20 county board of supervisors shall annually send to the
21 department of human services the names and social security
22 numbers of persons receiving a tax suspension pursuant to this
23 section. The department shall verify the continued
24 eligibility for tax suspension of each name on the list and
25 shall return the list to the board of supervisors. The
26 director of human services shall advise the person that the
27 person may apply for an additional property tax credit
28 pursuant to sections 425.16 ~~to-425-39~~ through 425.37 which
29 shall be credited against the amount of the taxes suspended.

30 Sec. 127. Section 427C.12, unnumbered paragraph 2, Code
31 2005, is amended to read as follows:

32 The board of supervisors shall designate the county
33 conservation board or the assessor who shall inspect the area
34 for which an application is filed for a fruit-tree or forest
35 reservation tax exemption before the application is accepted.

1 Use of aerial photographs may be substituted for on-site
2 inspection when appropriate. The application can only be
3 accepted if it meets the criteria established by the natural
4 resource commission to be a fruit-tree or forest reservation.
5 Once the application has been accepted, the area shall
6 continue to receive the tax exemption during each year in
7 which the area is maintained as a fruit-tree or forest
8 reservation without the owner having to refile. If accepted
9 by the county, the application for a fruit-tree or forest
10 reservation tax exemption shall be stamped approved and the
11 assessor shall forward a copy of the application to the
12 recorder for recording. Acres in a forest reservation shall
13 be exempt from school district levies only.

14 PARAGRAPH DIVIDED. If the property is sold or transferred,
15 the seller shall notify the buyer that all, or part of, the
16 property is in fruit-tree or forest reservation and subject to
17 the recapture tax provisions of this section. The tax
18 exemption shall continue to be granted for the remainder of
19 the eight-year period for fruit-tree reservation and for the
20 following years for forest reservation or until the property
21 no longer qualifies as a fruit-tree or forest reservation.

22 The owner of the fruit-tree or forest reservation shall
23 annually certify to the county conservation board or the
24 assessor that the area is being maintained with proper fruit-
25 tree or forest management, including necessary pruning and
26 planting of trees. The area may be inspected each year by the
27 county conservation board or the assessor to determine if the
28 area is maintained as a fruit-tree or forest reservation. If
29 the area is not maintained or is used for economic gain other
30 than as a fruit-tree reservation during any year of the eight-
31 year exemption period and any year of the following five years
32 or as a forest reservation during any year for which the
33 exemption is granted and any of the five years following those
34 exemption years, the assessor shall assess the property for
35 taxation at its fair market value as of January 1 of that year

1 and in addition the area shall be subject to a recapture tax.
2 However, the area shall not be subject to the recapture tax if
3 the owner, including one possessing under a contract of sale,
4 and the owner's direct antecedents or descendants have owned
5 the area for more than ten years. ~~The~~ In the case of a fruit-
6 tree reservation, the tax shall be computed by multiplying the
7 consolidated levy for each of those years, if any, of the five
8 preceding years for which the area received the exemption for
9 fruit-tree ~~or-forest~~ reservation times the assessed value of
10 the area that would have been taxed but for the tax exemption.
11 This In the case of a forest reservation, the tax shall be
12 computed by multiplying the school district levy for each of
13 those years, if any, of the five preceding years for which the
14 area received the exemption for forest reservation times the
15 assessed value of the area that would have been taxed but for
16 the tax exemption. The tax shall be entered against the
17 property on the tax list for the current year and shall
18 constitute a lien against the property in the same manner as a
19 lien for property taxes. The tax when collected shall be
20 apportioned in the manner provided for the apportionment of
21 the property taxes for the applicable tax year.

22 Sec. 128. Section 441.22, Code 2005, is amended to read as
23 follows:

24 441.22 FOREST AND FRUIT-TREE RESERVATIONS.

25 Forest and fruit-tree reservations fulfilling the
26 conditions of sections 427C.1 to 427C.13 shall be exempt from
27 taxation, except as otherwise provided in section 427C.12. In
28 all other cases where trees are planted upon any tract of
29 land, without regard to area, for forest, fruit, shade, or
30 ornamental purposes, or for windbreaks, the assessor shall not
31 increase the valuation of the property because of such
32 improvements.

33 Sec. 129. Section 499A.14, Code 2005, is amended to read
34 as follows:

35 499A.14 TAXATION.

1 The real estate shall be taxed in the name of the
2 cooperative, and each member of the cooperative shall pay that
3 member's proportionate share of the tax in accordance with the
4 proration formula set forth in the bylaws, and each member
5 occupying an apartment as a residence, if eligible, shall
6 receive that member's proportionate homestead tax ~~credit~~
7 exemption and each veteran of the military services of the
8 United States identified as such under the laws of the state
9 of Iowa or the United States shall receive as ~~a-credit an~~
10 exemption that member's veterans tax benefit as prescribed by
11 the laws of the state of Iowa.

12 Sec. 130. Chapters 425A and 426, Code 2005, are repealed.

13 Sec. 131. Sections 425.4, 425.21, 425.24, 425.25, 425.33
14 through 425.36, 425.39, 425.40, 426A.1A through 426A.5, and
15 435.33, Code 2005, are repealed.

16 Sec. 132. EXEMPTIONS NOT CONSIDERED NEWLY ENACTED. The
17 homestead property tax exemption, extraordinary homestead
18 property tax exemption, and the military property tax
19 exemption are not considered newly enacted after January 1,
20 1997, for purposes of section 25B.7.

21 Sec. 133. CODE EDITOR DIRECTIVE. The Code editor is
22 directed to change the term "credit" to "exemption" anywhere
23 it occurs in the Code in reference to the homestead credit.
24 The Code editor is further directed to change the terms
25 "credit" and "credit or reimbursement" to "exemption" anywhere
26 those terms occur in the Code in reference to the
27 extraordinary property tax credit or reimbursement.

28 Sec. 134. EFFECTIVE AND APPLICABILITY DATES.

29 1. Unless otherwise stated, this division of this Act
30 takes effect January 1, 2007, and, except as provided in
31 subsections 2 and 3, applies to assessment years beginning on
32 or after that date.

33 2. The sections of this Act repealing chapters 425A and
34 426, and amending sections in chapters 425 and 426A, apply to
35 taxes due and payable in fiscal years beginning on or after

1 July 1, 2007.

2 3. The section of this Act amending section 427.1,
3 subsection 19, applies to exemptions on file or first applied
4 for on or after July 1, 2007.

5 DIVISION IV

6 IMPLEMENTATION COMMITTEE

7 Sec. 135. On or before July 1, 2006, the department of
8 revenue, in conjunction with the department of management,
9 shall initiate and coordinate the establishment of an
10 implementation committee. Both the department of revenue and
11 the department of management shall provide staffing assistance
12 to the committee.

13 The committee shall include members appointed by the
14 director of revenue representing the department of revenue,
15 the department of management, the department of education,
16 counties, cities, school districts, local assessors, and local
17 auditors.

18 The committee shall study the effects of implementation of
19 divisions I, II, and III of this Act. The committee shall
20 prepare a fiscal analysis detailing the effects of
21 implementation on different classes of property and on
22 different property taxpayers and the effect on city and county
23 revenues, school district revenues, and other local government
24 revenues. The fiscal analysis shall include a comparison of
25 property taxes levied by cities and counties under the current
26 system and property taxes that could be levied under the
27 provisions of this Act. The comparison shall include
28 projections beyond the current fiscal year.

29 The committee shall recommend adjustments to the property
30 tax levy portion of the school foundation formula that will
31 take into account the increased property tax valuation base
32 created by this Act and the increased state percentage of
33 school foundation funding provided in this Act.

34 The committee shall consider, and make recommendations on,
35 the conversion of all property tax certifying entities to a

1 percentage limit basis as is provided in this Act for cities
2 and counties, and partially for school districts. The
3 committee shall recommend percentage rates for cities,
4 counties, school districts, and other local governments that
5 are as nearly as possible revenue neutral.

6 The committee shall report to the general assembly by
7 January 15, 2007, and by January 15, 2008.

8 Sec. 136. EFFECTIVE DATE. This division of this Act,
9 being deemed of immediate importance, takes effect upon
10 enactment.

11 EXPLANATION

12 This bill makes various changes to the law relating to
13 property taxes, assessment of property, city and county
14 budgets funded primarily by property taxes, and school
15 district budgets funded primarily by state and local taxes.

16 Division I of the bill makes changes relating to local
17 budgets and property taxes. The division provides that if a
18 new state mandate is imposed on or after July 1, 2007, which
19 requires the performance of a new activity or service or the
20 expansion of a service beyond what was required before July 1,
21 2007, the state mandate must be fully funded. If the state
22 mandate is not fully funded, the affected political
23 subdivisions are not required to comply or implement the state
24 mandate. Also, no fines or penalties may be imposed on a
25 political subdivision for failure to comply or carry out an
26 unfunded state mandate.

27 The division strikes Code section 25B.2, subsection 3, and
28 rewrites it as a new section outside the intent section of
29 Code chapter 25B. The rewritten section removes a qualifying
30 phrase relating to specification of costs which provides that
31 a political subdivision may still be required to carry out an
32 unfunded state mandate. The rewritten section also strikes
33 the exception for federal mandates and for mandates relating
34 to public retirement systems. The rewritten section does not
35 include area education agencies and community colleges in the

1 definition of "political subdivision".

2 The division increases the regular program foundation base
3 per pupil from 87.5 percent to 95 percent, beginning with the
4 budget year commencing July 1, 2008, to offset the increase in
5 school property taxes due to the changed method of assessment.
6 The division reduces the \$5.40 foundation levy to \$4.32.

7 The division provides that, beginning with the fiscal year
8 beginning July 1, 2008, a school district cannot levy property
9 taxes, other than foundation and additional property taxes, in
10 excess of .25 percent of the taxable value of residential and
11 agricultural property and .75 percent of commercial property
12 and .5 percent of industrial property. The division contains
13 transition provisions for tax levies for fiscal year 2008-
14 2009, fiscal year 2009-2010, and fiscal year 2010--2011. The
15 division also provides that for the fiscal year beginning July
16 1, 2011, and subsequent fiscal years, such school district
17 property taxes by class cannot increase by more than the
18 consumer price index for the preceding 12 months.

19 The division provides that, beginning with the fiscal year
20 beginning July 1, 2008, a county cannot levy property taxes in
21 excess of the following percentages:

22 For residential property in the unincorporated area, 1
23 percent of the taxable value.

24 For income residential property in the unincorporated area,
25 one-half of 1 percent.

26 For agricultural property in the unincorporated area,
27 three-fourths of 1 percent.

28 For commercial property in the unincorporated area, 2
29 percent.

30 For industrial property in the unincorporated area, 3
31 percent.

32 For residential property in the incorporated area, one-
33 fourth of 1 percent.

34 For agricultural property in the incorporated area, one-
35 fourth of 1 percent.

1 For commercial property in the incorporated area, 1
2 percent. The 1 percent is lowered for successive years until
3 it reaches three-fourths of 1 percent.

4 For industrial property in the incorporated area, 1
5 percent.

6 For income residential property in the incorporated area,
7 one-half of 1 percent.

8 The division contains transition provisions for tax levies
9 for fiscal year 2008-2009, fiscal year 2009-2010, and fiscal
10 year 2010--2011.

11 The division requires that if a county's ending fund
12 balance for a budget year exceeds 25 percent of budgeted
13 expenditures, the excess over 25 percent must be explicitly
14 reserved or designated for a specific purpose. The division
15 applies to ending fund balances in the general and general
16 supplemental funds and the rural services and rural services
17 supplemental funds. The division defines "budget year",
18 "current fiscal year", and "item".

19 The division provides that if the amount of the ending fund
20 balance is protested to the state appeal board, the county has
21 the burden of proving that the amount over 25 percent is
22 reasonably likely to be appropriated for the reserved or
23 designated purpose. The limitation on ending fund balances
24 applies to fiscal years beginning on or after July 1, 2011.

25 The division also provides that, beginning with the fiscal
26 year beginning July 1, 2008, a city cannot levy property taxes
27 in excess of 1 percent of the taxable value of residential
28 property, one and one-half percent for income residential
29 property, three-fourths of 1 percent for agricultural
30 property, and 2 percent for commercial property and industrial
31 property. The 2 percent for commercial property is lowered
32 for successive years until it reaches 1 and one-half percent.

33 The division contains transition provisions for tax levies
34 for fiscal year 2008-2009, fiscal year 2009-2010, and fiscal
35 year 2010--2011.

1 The division allows a city or a county to impose, by
2 ordinance, a service charge against property located in the
3 city or county, as applicable. If a city or county imposes a
4 service charge, that city or county's maximum percentage levy
5 shall be lowered to reflect the amount of service charges
6 estimated to be collected for the fiscal year.

7 The division increases from 50 percent to 75 percent the
8 portion of base year expenditures paid by the state for mental
9 health, mental retardation, and developmental disabilities.

10 The division removes the square footage tax on mobile homes
11 and manufactured homes and replaces it with the ad valorem tax
12 imposed on other residences. The bill provides that real
13 estate of a mobile home park or land-leased community shall be
14 assessed and taxed as improved residential property.

15 The division also provides that, beginning with the fiscal
16 year beginning July 1, 2011, and subsequent fiscal years, city
17 or county property taxes by class cannot increase by more than
18 the consumer price index for the preceding 12 months unless
19 the increase is approved at election.

20 The division lowers the amount of interest that can be
21 charged against delinquent property taxes. The interest rate
22 is changed from 1 and one-half percent to 1 percent before tax
23 sale. The interest rate after the delinquent taxes are sold
24 at tax sale is changed from 2 percent to 1 and one-half
25 percent.

26 The sections of the division relating to delinquent
27 property tax interest rates take effect July 1, 2006, and
28 apply to property taxes which become delinquent on or after
29 July 1, 2006, and to parcels sold for delinquent taxes on or
30 after July 1, 2006. The remainder of the division takes
31 effect July 1, 2007, and applies to fiscal years beginning on
32 or after July 1, 2008.

33 Division II of the bill, relating to assessment of
34 property, provides that the sale price of property sold in the
35 calendar year prior to the assessment year shall be presumed

1 to be the market value of the property for that assessment
2 year if the buyer and the seller were not immediate family
3 members. The bill also provides that property sold at public
4 auction is not presumed to be an abnormal transaction or one
5 that distorts market value.

6 The division allows counties to share in the employment of
7 a county assessor.

8 The division also provides that if the assessor is unable
9 to establish fair market value of newly constructed
10 residential property because of a lack of comparable sales,
11 the assessor shall use the replacement cost method to value
12 the property.

13 The division removes the property tax assessment
14 limitations on residential, commercial, and industrial
15 property and requires that all such property be valued at a
16 five-year average of its fair market value with some
17 exceptions. The division provides a reduction from actual
18 value of 50 percent up to a maximum of \$20,000 for improved
19 residential property and for improved income residential
20 property.

21 The division also provides a reduction from actual value of
22 50 percent up to a maximum of \$25,000 for improved commercial
23 and improved industrial property. The division includes as
24 commercial property agricultural land held for development,
25 commercial, or investment purposes. Commercial property also
26 includes a tract of land containing an animal feeding
27 operation structure that is not being actively farmed by an
28 owner. The division further provides that the owner of
29 commercial property with a fair market value of less than
30 \$500,000 may elect to have the actual value of the property
31 determined on the basis of net earning capacity. This does
32 not apply to commercial property that is agricultural land or
33 that contains an animal feeding operation structure, as
34 described above.

35 The division makes conforming amendments to sections

1 pertaining to valuation of property in an urban renewal area
2 and valuation of property owned by telegraph and telephone
3 companies, express companies, and electric cooperatives.

4 The division provides that agricultural property that is
5 owned by an owner who is actively engaged in farming the
6 agricultural land shall be assessed based on the current
7 productivity formula, and the current assessment limitation of
8 four percent is retained. This includes agricultural land
9 containing an animal feeding operation structure if it is
10 owned by an owner who is actively engaged in farming the land.
11 The division defines "owner" and "actively engaged in
12 farming".

13 The division provides that agricultural land that is not
14 included in the class of commercial property and is not owned
15 by an owner actively engaged in farming shall be valued at a
16 five-year average of its fair market value. Each farm unit
17 assessed in this manner shall receive a reduction from actual
18 value of 50 percent up to a maximum of \$65,000.

19 The division provides that attorney fees incurred by a
20 property owner or aggrieved taxpayer in an appeal of an
21 assessment to district court may be awarded by the court and
22 assessed against the board of review or any taxing body
23 involved in the appeal unless the court determines that the
24 protest of assessment was frivolous and, in that case, the
25 court may assess the costs of defending the protest against
26 the owner or taxpayer.

27 The division requires the local assessor and local board of
28 review to keep confidential any documents, reports, audits,
29 and other information supplied by a taxpayer or property owner
30 relating to the amount or source of income, profits, losses,
31 or expenditures of the taxpayer or property owner.

32 The division increases from three years to six years the
33 time period that subdivided property shall be assessed as
34 acreage or unimproved property.

35 The division takes effect January 1, 2007, and applies to

1 assessment years beginning on or after January 1, 2007.

2 Division III of the bill, relating to property tax credits
3 and exemptions, strikes the state reimbursement for the
4 homestead property tax credit and military property tax credit
5 and changes the credits to exemptions from assessed value.
6 The homestead exemption amount is increased from \$4,850 to
7 \$5,000. The military exemption amount is increased from
8 \$1,852 to \$2,000. The amount of exemption for veterans of
9 World War I is retained at \$2,778.

10 The division amends provisions relating to the elderly,
11 disabled, and low-income property tax credit by making it an
12 exemption from assessed value and by eliminating the sliding
13 scale for income and exemption amount and replacing it with a
14 flat exemption amount of \$2,500. Elderly persons, disabled
15 persons, and low-income persons all of whom have household
16 income of less than \$16,500 are eligible for the credit.

17 The division directs the Code editor to change "credit" and
18 "credit or reimbursement" to "exemption" wherever it occurs in
19 the Code in relation to the military tax credit and the
20 homestead tax credit. The division also provides that all
21 three exemptions are not considered to be newly enacted for
22 purposes of state mandate funding requirements.

23 The division limits the pollution-control property tax
24 exemption to \$100,000 of value.

25 The division provides that any land in a forest reservation
26 is exempt from school district levies only. The division
27 requires the owner of land in a forest or fruit-tree
28 reservation to annually certify that proper management
29 techniques, such as pruning and planting, are being followed.

30 The division repeals the family farm property tax credit
31 and the agricultural land property tax credit. The division
32 makes conforming amendments pertaining to these repeals.

33 The sections of the division amending the homestead tax
34 credit, the elderly, disabled, and low-income tax credit, and
35 the military tax exemption and credit, and repealing the

1 family farm tax credit and the agricultural land tax credit
2 apply to taxes due and payable in fiscal years beginning on or
3 after July 1, 2007. The section of the division limiting the
4 value of pollution control that is exempt applies to
5 exemptions on file as of July 1, 2007, or first applied for on
6 or after July 1, 2007. The remainder of the division applies
7 to assessment years beginning on or after January 1, 2007.

8 Division IV of the bill establishes an implementation
9 committee to study the effects of implementation of the bill.
10 The committee is to report to the general assembly by January
11 15, 2007, and by January 15, 2008. The division takes effect
12 upon enactment.

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